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BY:

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201617466

Company Name

METRO CITY CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

BELEJ BUILDING SAN PEDRO
STREET DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	CRMD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	(082) 221-2397	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	31-May	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CIGER C. SARIO	jb_ciger@yahoo.com	(082) 224-5068	

Contact Person's Address

3/F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name:	Metro City Chow Foods Corporation
SEC Registration Number:	CS-2016-174-66
Principal Office:	Belej Bldg., San Pedro St., Davao City
Contact Number:	221-2397
Contact Person:	Ciger C. Sario
Address:	3/F PVL Bldg., Bolton St., Brgy. 3-A, Davao City
Contact Number:	224-5068

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

CLARITO, TAN AND ASSOCIATES, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chief Executive Officer:

JAIME T. CRUZ
Signature over printed name

Treasurer & Chief financial Officer:

RICCI EVETTE L. CRUZ
Signature over printed name

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M.L. HANGAD
REVENUE DISTRICT NO. 113 - WEST
APR 13 2018

Signed this 22nd day of March, 2018

SUBSCRIBED AND SWORN to before me this MAR 2018 by the affiant who exhibited to me his/her ______________ as competent proof of identity.

ATTY. MARK PETER M. QUILANE
NOTARY PUBLIC
UNTIL DECEMBER 31, 2018
PTR NO. 9734508 B • 12/29/17 (for 2018)
IBP NO. 025689 • 01/00/18 (for 2018)
ROLL OF ATTORNEYS NO. 64059
SERIAL NO. 2017-0101-2018

Doc. No. : 367 ;
Page No. : 74 ;
Book No. : 8 ;
Series of 2018

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2017. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2017 and the accompanying Annual Income Tax Return are in accordance with the books and records of **METRO CITY CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **METRO CITY CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

N L. HANGA
DISTRICT NO. 113 - WEST
APR 13 2018

SUBSCRIBED AND SWORN to before me this 2 2 MAR 2018 by the affiant who exhibited to me his/her __________ as competent proof of identity.

Signed this 22nd day of March, 2018

ATTY. MARK PETER M. QUILANETA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2018
PTR NO. 0724930 B ; 12/29/17 (for 2018)
IBP NO. 025680 ; 01/09/18 (for 2018)
ROLL OF ATTORNEYS NO. 64060
SERIAL NO. 2017-0101-2018

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"Your business is the heart of our service"
Clarito, Tan & Associates
Accounting, Auditing and Consultancy Professionals

200-6 Guino-o Compound Anda St., Davao City
Tel. No. 225-8702 | Email: claritotanassociates@gmail.com

Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Stockholders of
METRO CITY CHOW FOODS CORPORATION
Belej Bldg., San Pedro St., Davao City

We, the appointed independent auditor of **Metro City Chow Foods Corporation,** do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 14 of the Notes to Financial Statements.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until December 31, 2018
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 0057794 issued January 23, 2018 at Davao City
CTC No. 00155872 issued January 13, 2018 at Davao City

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March 26, 2018
Davao City

Clarito, Tan & Associates
Accounting, Auditing and Consultancy Professionals

200-6 Guino-o Compound Anda St., Davao City
Tel. No. 225-8702 | Email: claritotanassociates@gmail.com

To the Board of Directors and Stockholders of
METRO CITY CHOW FOODS CORPORATION
Belej Bldg., San Pedro St., Davao City

We have examined the financial statements of **METRO CITY CHOW FOODS CORPORATION** for the year ended December 31, 2017, on which we have rendered the attached report dated March 26, 2018.

In compliance with SRC Rule 68, we have stating that the said company has a total number of 2 stockholders owning one hundred (100) or more shares each.

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CLARITO, TAN & ASSOCIATES

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March 26, 2018
Davao City

To the Board of Directors and Stockholders of
METRO CITY CHOW FOODS CORPORATION
Belej Bldg., San Pedro St., Davao City

APR 13 2018

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **METRO CITY CHOW FOODS CORPORATION,** which comprise the statement of financial position as at December 31, 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Philippine Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Philippine Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of **METRO CITY CHOW FOODS CORPORATION** in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, As Amended (2011). Such information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule when taken as a whole.

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CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until December 31, 2018
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 0057794 issued January 23, 2018 at Davao City
CTC No. 00155872 issued January 13, 2018 at Davao City

March 26, 2018
Davao City

ANTONETTE-BECERRA RAÑESES, CPA
Room 203 Carriedo Bldg., Magallanes St., Davao City
Landline No. (082) 224-2527 I Mobile No. 0925-7994157
Email Address: araineses@yahoo.com

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for **METRO CITY CHOW FOODS CORPORATION** for the period ending December 31, 2017.

In discharging this responsibility, I hereby declare that:

I am the External Accountant of **Metro City Chow Foods Corporation** and was contracted to perform this service.

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to the Financial Statements, I was not assisted by or did not avail of the services of **CLARITO, TAN & ASSOCIATES** who/which are the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

ANTONETTE-BECERRA RAÑESES, CPA
Tax Identification No. 162-112-373
BOA Accreditation No. 6094 valid until December 31, 2018
BIR Accreditation No. 19-006335-001-2016 valid until January 19, 2018
CPA Board Certificate No. 132967
PTR No. 9991185B dated January 20, 2018

SUBSCRIBED AND SWORN before me, this MAR [illegible] at Davao City, Philippines, ANTONETTE-BECERRA RAÑESES, CPA exhibiting to me her valid PRC CPA ID No. 132967.

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LAWRENCE L. RETUYA
Roll of Attorney's No. 65102
IBP Member No. 1056541 - 12/12/16
PTR No. 9734228 - 12/20/18
Notary Public for the City of Davao
Serial No. [illegible] until [illegible]

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Metro City Chow Foods Corporation
Statement of Financial Position
As of December 31, 2017

	Note	2017
ASSETS		
Current Assets		
Cash	2.3.1,4	**1,808,198**
Trade receivables	2.3.2,5	**134,360**
Inventory	2.3.3,6	**327,094**
Prepayments	2.3.4,7	**62,062**
Total Current Assets		**2,331,714**
Noncurrent Assets		
Property and equipment, net	2.3.5,8	**18,044,477**
Other noncurrent assets	9	**120,000**
Total Noncurrent Assets		**18,164,477**
Total Assets		Php 20,496,191
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Trade and other payables	2.3.8,10	**20,106,070**
Income tax payable	2.3.12	**6,398**
Total Current Liabilities		**20,112,468**
Total Liabilities		20,112,468
Stockholder's Equity		
Share capital	11	**62,500**
Retained earnings-Unappropriated		**321,223**
Total Stockholder's Equity		383,723
Total Liabilities and Stockholder's Equity		20,496,191

See accompanying Notes to Financial Statements.

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Metro City Chow Foods Corporation
Statement of Comprehensive Income
For the Year Ended December 31, 2017

	Note		2017
REVENUE			
Sales		**Php**	**25,733,411**
Less: Cost of Sales	12		**18,850,089**
Gross Profit			**6,883,322**
LESS: GENERAL AND ADMINISTRATIVE EXPENSES			
Communication, light and water			**183,450**
Insurance			**14,683**
Office supplies			**8,240**
Rental			**1,288,551**
Repairs and maintenance			**340,914**
Salaries, wages and benefits			**4,273,337**
SSS, GSIS, Philhealth, HDMF and other contributions			**187,091**
Taxes and licenses			**99,118**
Transportation and travel			**29,048**
Total General and Administrative Expenses			**6,424,432**
INCOME BEFORE INCOME TAX			**458,890**
LESS: PROVISION FOR INCOME TAX			
Current	13		**137,667**
Deferred			**-**
Income Tax Expense			**137,667**
TOTAL COMPREHENSIVE INCOME		**Php**	**321,223**

See accompanying Notes to Financial Statements.

REVENUE REGION
APR 13 2018

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Metro City Chow Foods Corporation
Statement of Changes in Equity
For the Year Ended December 31, 2017

		Stockholder's Equity			
		Share Capital	Retained Earnings		Total
At January 1, 2017	**Php**	**62,500**	**-**	**Php**	**62,500**
Add: Total Comprehensive Income			**321,223**		**321,223**
At December 31, 2017	Php	62,500	321,223	Php	383,723

See accompanying Notes to Financial Statements.

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Metro City Chow Foods Corporation
Statement of Cash Flows
For the Year Ended December 31, 2017

	Note	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Total Comprehensive Income		321,223
(Less) Add: Adjustments		
Depreciation		949,708
(Increase) Decrease in Assets:		
Trade receivables		(134,360)
Inventories		(327,094)
Prepayments		(62,062)
Increase (decrease) in Liabilities:		
Trade and other payables		20,106,070
Income tax payable		6,398
Net cash flows from operating activities		20,859,883
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment		(18,994,185)
Acquisition of other noncurrent assets		(120,000)
Net cash flows from investing activities		(19,114,185)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock		62,500
Net cash flows from financing activities		62,500
INCREASE (DECREASE) IN CASH		1,808,198
CASH AT JANUARY 1		-
CASH AT DECEMBER 31		1,808,198

See accompanying Notes to Financial Statements.

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Note 1: Corporate information

Metro City Chow Foods Corporation (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on August 4, 2016 to establish, operate and maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at Cor San Pedro and City Hall Drive, Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 26, 2018.

Note 2: Basis of preparation, statement of compliance and summary of significant accounting policies

2.1 Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency.

2.2 Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs) in compliance with the standard set forth by Securities and Exchange Commission (SEC) under SRC rule 68, as amended.

The Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission (SEC) have adopted the PFRS for SMEs which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover entities that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million;
(b) Are not required to file financial statements under Securities Regulation code (SRC) Rule 68.1 (unlisted and non-public entities);
(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and,
(e) Not public utilities.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

2.3 Significant Accounting Policies

2.3.1 Cash

Cash consists of cash on hand and in banks.

REVENUE REGION
M.L. HANGAD
DISTRICT NO. 113
APR 13 2018

2.3.2 Trade receivables

Trade receivables refer to claims arising from sale of merchandise or services in the ordinary course of business and are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.3.3 Inventory

Inventories are assets which are held for sale in the ordinary course of business and are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

Cost are accounted for as follows:

Processed Inventories	-	Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.
Food supplies, packaging, store and other supplies, and other novelty items	-	Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

Net realizable value of processed inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the necessary to make the sale.

Net realizable value of food supplies, packaging, store and other supplies is the current replacement cost.

Net realizable value of novelty items is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.3.4 Prepayments

Prepayments or "prepaid expenses" are expenses paid in advance but not yet incurred and therefore are assets.

2.3.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment values. The initial cost includes its purchase price, freight, handling, storage, import duties, taxes and other expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized and charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method or the lease term in case of leasehold improvements, whichever is shorter. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights & improvements	3 – 5

The asset's residual values, useful lives and depreciation methods are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the period and method are consistent with the expected pattern, and to oversee if there are indications of a significant change since the last reporting date.

When assets are sold or retired, the cost, accumulated depreciation and any impairment are eliminated from the accounts and any gain or losses from the disposal is included in the statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Moreover, gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are presented as "other gains/ (losses)" in the statement of comprehensive income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

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2.3.6 Deferred tax asset

Deferred tax asset is the tax effect of expected future income tax benefit relating to the long-service benefit, which will not be tax-deductible until the benefit is actually paid but has already been recognized as an expense in measuring the profit for the year.

2.3.7 Impairment of non-financial assets

Impairment of assets is a fall in the market value of an asset so that its recoverable amount is less than its carrying value. Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.3.8 Trade and other payables

Trade and other payables are obligations of an entity arising from past transactions or events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial liability in the period in which the related money, goods or services are received or when a legally enforceable claim against the company is established or when the corresponding assets and expenses are recognized. After initial recognition, an entity shall measure it at amortized cost using the effective interest method. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.3.9 Leases

Leases are agreements whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments under operating lease made by the Company are charged on a straight-line basis over the period of the lease to the operations.

2.3.10 Employee benefit obligation

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees. It is related to the government-mandated retirement benefit liability payments for employees of the company. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company has used a simplified method to measure its defined benefit obligation where the future salary increases, future service and possible in-service mortality are ignored and the company does not fund its obligation in advance and the company is unable to use the projected unit credit method without undue cost or effort.

2.3.11 Revenue and expense recognition

Revenue arises in the ordinary course of the Company's activities. It comprises the fair value of the consideration received or receivable for the sale of goods. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; the entity retains neither continuing managerial involvement nor effective control over the goods sold; and the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Expenses are recognized in the statement of comprehensive income when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Operating and administrative expenses are recognized when incurred.

2.3.12 Income taxes

The tax expense for the period comprises current and deferred tax. Income tax expense represents the sum of the tax currently payable and is also recognized in the profit or loss. Tax currently payable is based on taxable profit for the year multiplied to the tax rates and laws that have been enacted by the reporting period.

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Deferred income tax is recognized between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases, known as temporary difference, and could be a net deferred tax asset or net deferred tax liability. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the period in which it expects that the temporary difference will be realized or settled, on the basis of tax rates and laws that have been enacted or substantially enacted by the end of the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Unrecognized deferred tax assets are re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.3.13 Subsequent events

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to financial statements when material.

Note 3: Significant accounting judgments, assumptions and estimates

The judgments, assumptions and estimates used in the financial statements are based upon management's continued evaluation of relevant facts and circumstances including expectations of future as at the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

Assumptions used in arriving at the estimates may change in the future depending on what is believed to be reasonable under the circumstances and the effects of such changes are reflected in the financial statements as they become readily determinable.

The following judgments, assumptions and estimates that have the most significant risk of causing a material adjustment in the financial statements are disclosed below:

(a) Income taxes
Significant and prudent judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the tax determination is uncertain. The Company recognizes liabilities for anticipated tax examination issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Employee benefit obligation
The retirement obligation and cost and other retirement benefits is based on the selection of certain assumptions used. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

Note 4: Cash

The cash account as at December 31 consists of:

		2017
Cash on hand	Php	54,000
Cash in bank		1,754,198
	Php	1,808,198

Cash in bank generally earns interest based on daily bank deposit rate.

Note 5: Trade receivables

Trade receivables as at December 31 amounted to **Php 134,360.**

These accounts are non-interest bearing and are normally collected or liquidated within one year. The Company management has assessed that as at December 31, 2017, none of the above accounts are impaired.

Note 6: Inventory

		2017
Food supplies and processed inventories	Php	**271,848**
Paper, packaging, store and other supplies		**41,370**
Novelties		**13,876**
	Php	**327,094**

The cost of inventories recognized as expense amounted to **Php 14,996,951** as at December 31, 2017.

Note 7: Prepayments

Prepayment as at December 31 amounted to **Php 62,062.**

Note 8: Property and equipment

The account as at December 31 consists of:

		Leasehold rights and improvements		Store equipment		Furniture and fixtures		Total
Cost								
January 1, 2017	Php	0	Php	0	Php	0	Php	0
Additions		9,337,650		6,995,250		2,661,285		18,994,185
Disposals		0		0		0		0
December 31, 2017		9,337,650		6,995,250		2,661,285		18,994,185
Accumulated Depreciation								
January 1, 2017		0		0		0		0
Depreciation charge		466,882		349,762		133,064		949,708
Disposals		0		0		0		0
December 31, 2017		466,882		349,762		133,064		949,708
Net book value	**Php**	**8,870,768**	**Php**	**6,645,488**	**Php**	**2,528,221**	**Php**	**18,044,477**

Depreciation charged to cost of goods sold amounted to **Php 949,708** as at December 31, 2017.

Note 9: Other noncurrent assets

The account pertains to security deposits for operating leases entered by the Company. The security deposits are recoverable from the lessors at the end of the lease term.

Security deposits during the year amounted to **Php 120,000** as at December 31, 2017.

Note 10: Trade and other payables

Details of this account as at December 31 consist of:

		2017
Trade payables	Php	**19,131,828**
SSS, HDMF, PHIC and taxes on wages		**806,593**
Accrued expenses		**167,649**
	Php	**20,106,070**

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

		2017
No later than 1 year	Php	**1,288,551**
Later than 1 year and no later than 5 years		**5,154,204**
Later than 5 years		**6,442,755**
	Php	**12,885,510**

Note 11: Share capital

The following are the Company's equity account details:

		2017
Authorized capital share - 10,000 shares @ Php 100 par value	Php	1,000,000
Ordinary shares		
Subscribed capital share - 625 shares		62,500
Less: Subscription receivable		0
Fully paid, issued and outstanding		62,500
Retained Earnings		
Appropriated		
Unappropriated		305,854
	Php	368,354

The Company is authorized to issue ten thousand (10,000) ordinary shares with a par value of one hundred pesos (Php 100) per share. The balance as at December 31, 2017 comprise six hundred twenty-five (625) ordinary shares with par value of sixty-two thousand five hundred pesos (Php 62,500) fully paid, issued and outstanding. Further, the Company is not exposed to externally imposed capital requirement.

Note 12: Cost of goods sold

Details of this account as at December 31 follow:

		2017
Food, packaging, paper and novelties	Php	14,996,951
Royalty		1,088,757
Advertisement		980,077
Supplies		614,155
Depreciation		949,708
Miscellaneous		220,441
	Php	18,850,089

Details of food supplies, packaging, paper and novelties cost follow:

		2017
Inventory, January 1	Php	0
Purchases		15,324,045
Inventory, December 31		(327,094)
	Php	14,996,951

Note 13: Income taxes

The provision for income tax for the year ended December 31 follow:

		2017
Current	Php	137,667
Deferred		
Income tax expense	Php	137,667

Note 14: Supplementary information required by Revenue Regulations No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

14.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2017
Gross sales of goods	Php	25,733,411
Less: VAT exempt sales		2,365,978
Net-vatable sale of goods		23,367,433
Output VAT, December 31	Php	2,804,092

14.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2017
Input VAT, January 1	Php	0
Add: Current year's domestic purchases/payments		
Goods for resale or further processing		1,799,586
Goods other than for resale		593,846
Total Input reported in VAT returns		2,393,432
Input VAT, December 31	Php	0

14.3 All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2017
Business taxes, licenses and permits	Php	95,118
Community tax certificate		500
Other taxes and licenses		3,500
Total other taxes and licenses during the year	Php	99,118

14.4 Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

		2017
Tax on compensation and benefits	Php	46,626
Creditable withholding taxes		132,468
Final withholding taxes		217,745
Total withholding taxes for the year	Php	396,839

14.5 Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the year ended December 31, 2017.

14.6 Excise tax

The Company has no productions of goods for domestic sales or importation for the year ended December 31, 2017. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

14.7 Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the year ended December 31, 2017.

14.8 Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4 – 10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of twenty two (22) page (s).

Verified by: ______ dated APRIL 10, 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 201231213

Company Name
METRO CITY CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)
BELEJ BUILDING SAN PEDRO
STREET DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	CRMD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	(082) 221-2397	
No. of Stockholders	**Annual Meeting Month/Day**	**Fiscal Year Month/Day**
5	31-May	December 31

CONTACT PERSON INFORMATION
The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CIGER C. SARIO	jb_ciger@yahoo.com	(082) 224-5068	

3/F PVL BLDG., BOLTON ST., DAVAO CITY

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Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name:	Metro City Chow Foods Corporation
SEC Registration Number:	CS-2016-174-66
Principal Office:	Belej Bldg., San Pedro St., Davao City
Contact Number:	221-2397
Contact Person:	Ciger C. Sario
Address:	3/F PVL Bldg., Bolton St., Brgy. 3-A, Davao City
Contact Number:	224-5068

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2018. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2018 and the accompanying Annual Income Tax Return are in accordance with the books and records of **METRO CITY CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **METRO CITY CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

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Signed this 26th day of March, 2019

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

CLARITO, TAN AND ASSOCIATES, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chief Executive Officer: **JAIME T. CRUZ**
Signature over printed name

Treasurer & Chief financial Officer: **RICCI EVETTE L. CRUZ**
Signature over printed name

Signed this 26th day of March, 2019

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Clarito, Tan & Associates
Accounting, Auditing and Consultancy Professionals

200-6 Guinoo Compound, Anda St., Davao City
Tel. No. 225-8702 / Email: claritotanassociates@gmail.com

Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Stockholders of
METRO CITY CHOW FOODS CORPORATION
Belej Bldg., San Pedro St., Davao City

We, the appointed independent auditor of **METRO CITY CHOW FOODS CORPORATION** do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 14 of the Notes to Financial Statements.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until February 03, 2018
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 1769669C issued January 28, 2019 at Davao City
CTC No. 23586154 issued January 13, 2019 at Davao City

March 26, 2019
Davao City

Clarito, Tan & Associates
Accounting, Auditing and Consultancy Professionals

200-6 Guinoo Compound, Anda St., Davao City
Tel. No. 225-8702 / Email: claritotanassociates@gmail.com

To the Board of Directors and Stockholders of
METRO CITY CHOW FOODS CORPORATION
Belej Bldg., San Pedro St., Davao City

We have examined the financial statements of **METRO CITY CHOW FOODS CORPORATION** for the years ended December 31, 2018 and 2017, on which we have rendered the attached report dated March 26, 2019.

In compliance with SRC Rule 68, we have stating that the said company has a total number of two (2) stockholders owning one hundred (100) or more shares each.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until February 03, 2021
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 1769669C issued January 28, 2019 at Davao City
CTC No. 23586154 issued January 25, 2019 at Davao City

March 26, 2019
Davao City

To the Board of Directors and Stockholders of
METRO CITY CHOW FOODS CORPORATION
Belej Bldg., San Pedro St., Davao City

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **METRO CITY CHOW FOODS CORPORATION,** which comprise the statement of financial position as at December 31, 2018 and 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and the notes to financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Philippine Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

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material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Philippine Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of **METRO CITY CHOW FOODS CORPORATION** in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, As Amended (2011). Such information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule when taken as a whole.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until February 03, 2021
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 1769669C issued January 28, 2019 at Davao City
CTC No. 23586154 issued January 25, 2019 at Davao City

March 26, 2019
Davao City

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ANTONETTE-BECERRA RAÑESES, CPA
Room 203 Carriedo Bldg., Magallanes St., Davao City
Landline No. (082) 224-2527 I Mobile No. 0925-7994157
Email Address: araineses@yahoo.com

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for **METRO CITY CHOW FOODS CORPORATION** for the periods ending December 31, 2018 and 2017.

In discharging this responsibility, I hereby declare that:

I am the External Accountant of **METRO CITY CHOW FOODS CORPORATION** and was contracted to perform this service.

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to the Financial Statements, I was not assisted by or did not avail of the services of **CLARITO, TAN & ASSOCIATES** who/which are the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

ANTONETTE-BECERRA RAÑESES, CPA
Tax Identification No. 162-112-373
BOA Accreditation No. 6094 valid until June 13, 2021
BIR Accreditation No. 19-006335-001-2019 valid until February 21, 2022
CPA Board Certificate No. 132967
PTR No. 1733195C dated January 08, 2019

February 27, 2019
Davao City

MAR 27 2019

SUBSCRIBED AND SWORN before me, this ____________________ at Davao City, Philippines, ANTONETTE-BECERRA RAÑESES, CPA exhibiting to me her valid PRC CPA ID No. 132967.

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Series of 2019

KAREN CATLI-PINTO
Notary Public
Until December 31, 2019
Roll of Attorney's No. 70440
PTR OR. No. 1477495 -12/4/18
IBP OR. No. 057057- 12/17/18

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Metro City Chow Foods Corporation
Statement of Comprehensive Income
For the Years Ended December 31, 2018 and 2017

	Note		2018		2017
REVENUE					
Sales		Php	50,511,902	Php	25,733,411
Less: Cost of Sales	13		36,481,091		18,850,089
Gross Profit			14,030,811		6,883,322
LESS: GENERAL AND ADMINISTRATIVE EXPENSES					
Communication, light and water			2,245,895		183,450
Insurance			50,424		14,683
Office supplies			120,099		8,240
Rental			3,054,601		1,288,551
Repairs and maintenance			400,811		340,914
Salaries, wages and benefits			5,987,610		4,273,337
SSS, GSIS, Philhealth, HDMF and other contributions			333,402		187,091
Senior Citizen discount			888,182		
Taxes and licenses			225,701		99,118
Transportation and travel			63,690		29,048
Total General and Administrative Expenses			13,370,415		6,424,432
INCOME BEFORE INCOME TAX			660,396		458,890
LESS: PROVISION FOR INCOME TAX					
Current	14		198,119		137,667
Income Tax Expense			198,119		137,667
TOTAL COMPREHENSIVE INCOME		Php	462,277	Php	321,223

See accompanying Notes to Financial Statements.

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Metro City Chow Foods Corporation
Statement of Changes in Equity
For the Years Ended December 31, 2018 and 2017

		Stockholder's Equity			
		Share Capital	Retained Earnings		Total
At January 1, 2018	**Php**	**62,500**	**321,223**	**Php**	**383,723**
Add: Total Comprehensive Income			**462,277**		**462,277**
At December 31, 2018	Php	62,500	783,500	Php	846,000
At January 1, 2017	Php	62,500	-	Php	62,500
Add: Total Comprehensive Income			321,223		321,223
At December 31, 2015	Php	62,500	321,223	Php	383,723

See accompanying Notes to Financial Statements.

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Metro City Chow Foods Corporation
Statement of Financial Position
As of December 31, 2018

	Note		2018		2017
ASSETS					
Current Assets					
Cash	2.3.1,4	Php	1,338,090	Php	1,808,198
Trade receivables	2.3.2,5		801,077		134,360
Inventory	2.3.3,6		315,156		327,094
Prepayments	2.3.4,7		190,806		62,062
Total Current Assets			2,645,129		2,331,714
Noncurrent Assets					
Property and equipment, net	2.3.5,8		18,113,849		18,044,477
Deferred Tax Asset			230,135		
Other noncurrent assets	9		618,001		120,000
Total Noncurrent Assets			18,961,985		18,164,477
Total Assets		Php	21,607,114	Php	20,496,191
LIABILITIES AND STOCKHOLDER'S EQUITY					
Current Liabilities					
Trade and other payables			20,761,114		20,106,070
Income tax payable	2.3.8,10		0		6,398
Total Current Liabilities			20,761,114		20,112,468
Total Liabilities			20,761,114		20,112,468
Stockholder's Equity					
Share capital	12		62,500		62,500
Retained earnings			783,500		321,223
Total Stockholder's Equity			846,000		383,723
Total Liabilities and Stockholder's Equity		Php	21,607,114	Php	20,496,191

See accompanying Notes to Financial Statements.

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Metro City Chow Foods Corporation
Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Total Comprehensive Income		462,277	321,223
(Less) Add: Adjustments			
Depreciation		949,708	949,708
Deferred Tax Asset		(230,135)	-
(Increase) Decrease in Assets:			
Trade receivables		(666,717)	(134,360)
Inventories		11,938	(327,094)
Prepayments		(128,744)	(62,062)
Other non current assets		(498,001)	
Increase (decrease) in Liabilities:			
Trade and other payables		655,044	20,106,070
Income tax payable		(6,398)	6,398
Net cash flows from operating activities		548,972	20,859,883
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(1,019,080)	(18,994,185)
Acquisition of other noncurrent assets		-	(120,000)
Net cash flows from investing activities		(1,019,080)	(19,114,185)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock		-	62,500
Net cash flows from financing activities		-	62,500
INCREASE (DECREASE) IN CASH		(470,108)	1,808,198
CASH AT JANUARY 1		1,808,198	-
CASH AT DECEMBER 31		1,338,090	1,808,198

See accompanying Notes to Financial Statements.

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Note 1: Corporate information

Metro City Chow Foods Corporation (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on August 4, 2016 to establish, operate and maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at Cor San Pedro and City Hall Drive, Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 26, 2019.

Note 2: Basis of preparation, statement of compliance and summary of significant accounting policies

2.1 Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency.

2.2 Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs) in compliance with the standard set forth by Securities and Exchange Commission (SEC) under SRC rule 68, as amended.

The Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission (SEC) have adopted the PFRS for SMEs which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover entities that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million;
(b) Are not required to file financial statements under Securities Regulation code (SRC) Rule 68.1 (unlisted and non-public entities);
(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and,
(e) Not public utilities.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

2.3 Significant Accounting Policies

2.3.1 Cash

Cash consists of cash on hand and in banks.

2.3.2 Trade receivables

Trade receivables refer to claims arising from sale of merchandise or services in the ordinary course of business and are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.3.3 Inventory

Inventories are assets which are held for sale in the ordinary course of business and are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

Cost are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

Net realizable value of processed inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the necessary to make the sale.

Net realizable value of food supplies, packaging, store and other supplies is the current replacement cost.

Net realizable value of novelty items is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.3.4 Prepayments

Prepayments or "prepaid expenses" are expenses paid in advance but not yet incurred and therefore are assets.

2.3.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment values. The initial cost includes its purchase price, freight, handling, storage, import duties, taxes and other expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized and charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method or the lease term in case of leasehold improvements, whichever is shorter. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights & improvements	3 – 5

The asset's residual values, useful lives and depreciation methods are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the period and method are consistent with the expected pattern, and to oversee if there are indications of a significant change since the last reporting date.

When assets are sold or retired, the cost, accumulated depreciation and any impairment are eliminated from the accounts and any gain or losses from the disposal is included in the statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Moreover, gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are presented as "other gains/ (losses)" in the statement of comprehensive income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

2.3.6 Deferred tax asset

Deferred tax asset is the tax effect of expected future income tax benefit relating to the long-service benefit, which will not be tax-deductible until the benefit is actually paid but has already been recognized as an expense in measuring the profit for the year.

2.3.7 Impairment of non-financial assets

Impairment of assets is a fall in the market value of an asset so that its recoverable amount is less than its carrying value. Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.3.8 Trade and other payables

Trade and other payables are obligations of an entity arising from past transactions or events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial liability in the period in which the related money, goods or services are received or when a legally enforceable claim against the company is established or when the corresponding assets and expenses are recognized. After initial recognition, an entity shall measure it at amortized cost using the effective interest method. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.3.9 Leases

Leases are agreements whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments under operating lease made by the Company are charged on a straight-line basis over the period of the lease to the operations.

2.3.10 Employee benefit obligation

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees. It is related to the government-mandated retirement benefit liability payments for employees of the company. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company has used a simplified method to measure its defined benefit obligation where the future salary increases, future service and possible in-service mortality are ignored and the company does not fund its obligation in advance and the company is unable to use the projected unit credit method without undue cost or effort.

2.3.11 Revenue and expense recognition

Revenue arises in the ordinary course of the Company's activities. It comprises the fair value of the consideration received or receivable for the sale of goods. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; the entity retains neither continuing managerial involvement nor effective control over the goods sold; and the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Expenses are recognized in the statement of comprehensive income when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Operating and administrative expenses are recognized when incurred.

2.3.12 Income taxes

The tax expense for the period comprises current and deferred tax. Income tax expense represents the sum of the tax currently payable and is also recognized in the profit or loss. Tax currently payable is based on taxable profit for the year multiplied to the tax rates and laws that have been enacted by the reporting period.

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Deferred income tax is recognized between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases, known as temporary difference, and could be a net deferred tax asset or net deferred tax liability. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the period in which it expects that the temporary difference will be realized or settled, on the basis of tax rates and laws that have been enacted or substantially enacted by the end of the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Unrecognized deferred tax assets are re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.3.13 Subsequent events

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to financial statements when material.

Note 3: Significant accounting judgments, assumptions and estimates

The judgments, assumptions and estimates used in the financial statements are based upon management's continued evaluation of relevant facts and circumstances including expectations of future as at the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

Assumptions used in arriving at the estimates may change in the future depending on what is believed to be reasonable under the circumstances and the effects of such changes are reflected in the financial statements as they become readily determinable.

The following judgments, assumptions and estimates that have the most significant risk of causing a material adjustment in the financial statements are disclosed below:

(a) Income taxes
Significant and prudent judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the tax determination is uncertain. The Company recognizes liabilities for anticipated tax examination issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Employee benefit obligation
The retirement obligation and cost and other retirement benefits is based on the selection of certain assumptions used. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

Note 4: Cash

The cash account as at December 31 consists of:

		2018		2017
Cash on hand	Php	54,000	Php	54,000
Cash in bank		1,284,090		1,754,198
	Php	1,338,090	Php	1,808,198

Cash in bank generally earns interest based on daily bank deposit rate.

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Note 5: Trade receivables

Trade receivables as at December 31 amounted to **Php 801,077** and Php 134,360 as at December 31, 2018 and 2017 respectively.

These accounts are non-interest bearing and are normally collected or liquidated within one year. The Company management has assessed that as at December 31, 2018, none of the above accounts are impaired.

Note 6: Inventory

		2018		2017
Foods supplies and processed inventories	**Php**	**279,272**	Php	271,848
Packaging, store and other supplies		**35,884**		41,370
Novelty items				13,876
	Php	**315,156**	Php	327,094

The cost of inventories recognized as expense amounted to **Php 28,686,775** and Php 14,996,951 as at December 31, 2018 and 2017 respectively.

Note 7: Prepayments

Prepayment as at December 31 amounted to **Php 190,806** and Php 62,062 as at December 31, 2018 and 2017 respectively.

Note 8: Property and equipment

The account as at December 31 consists of:

2018

	Leasehold rights and improvements	**Store equipment**	**Furniture and fixtures**	**Total**
Cost				
January 1, 2018	9,337,650	6,995,250	2,661,285	18,994,185
Additions		1,019,080		1,019,080
Disposals	0	0	0	0
December 31, 2018	9,337,650	8,014,330	2,661,285	20,013,265
Accumulated Depreciation				
January 1, 2018	466,882	349,762	133,064	949,708
Depreciation charge	466,882	349,762	133,064	949,708
December 31, 2018	933,764	699,524	266,128	1,899,416
Net book value	**Php 8,403,886**	**Php 7,314,806**	**Php 2,395,157**	**Php 18,113,849**

2017

	Leasehold rights and improvements	**Store equipment**	**Furniture and fixtures**	**Total**
Cost				
January 1, 2017	Php 9,337,650	Php 6,995,250	Php 2,661,285	Php 18,994,185
Disposals	0	0	0	0
December 31, 2017	9,337,650	6,995,250	2,661,285	18,994,185
Accumulated Depreciation				
January 1, 2017	0	0	0	0
Depreciation charge	466,882	349,762	133,064	949,708
Disposals	0	0	0	0
December 31, 2017	466,882	349,762	133,064	949,708
Net book value	**Php 8,870,768**	**Php 6,645,488**	**Php 2,528,221**	**Php 18,044,477**

Depreciation charged to cost of goods sold amounted to **Php 949,708** and Php 949,708 as at December 31, 2018 and 2017 respectively.

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Note 9: Other noncurrent assets

The account pertains to security deposits for operating leases entered by the Company. The security deposits are recoverable from the lessors at the end of the lease term.

Security deposits during the year amounted to **Php 618,001** and Php 120,000 as at December 31, 2018 and 2017 respectively.

Note 10: Trade and other payables

Details of this account as at December 31 consist of:

		2018		2017
Trade payables	**Php**	**20,250,595**	Php	19,131,828
SSS, HDMF, PHIC and taxes on wages		**305,209**		806,593
Accrued expenses		**205,310**		167,649
	Php	**20,761,114**	Php	20,106,070

Note 11: Commitments under operating leases

The Company leases a commercial space under a long-term lease of 10 years commencing on June 24, 2017. The lease is subject to rent reviews after 10 years. The lease is subject to renewal upon mutual consent of both parties. Monthly rent is also subject to 10% escalation annually.

The minimum lease payments under operating leases recognized as expense during the year amounted to **Php 3,054,601** and Php 1,288,551 as at December 2018 and 2017 respectively.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

		2018		2017
No later than 1 year	**Php**	**3,054,601**	Php	1,288,551
Later than 1 year and no later than 5 years		**6,109,202**		5,154,204
Later than 5 years		**9,163,803**		6,442,755
	Php	**18,327,606**	Php	12,885,510

Note 12: Share capital

The following are the Company's equity account details:

		2018	2017
Authorized capital share - 10,000 shares @ Php 100 par value	**Php**	**1,000,000**	1,000,000
Ordinary shares			
Subscribed capital share - 625 shares		**62,500**	62,500
Less: Subscription receivable		**0**	0
Fully paid, issued and outstanding		**62,500**	62,500
Retained Earnings		**783,500**	321,223
	Php	**846,000**	383,723

The Company is authorized to issue ten thousand (10,000) ordinary shares with a par value of one hundred pesos (Php 100) per share. The balance as at December 31, 2018 comprise six hundred twenty-five (625) ordinary shares with par value of sixty-two thousand five hundred pesos (Php 62,500) fully paid, issued and outstanding. Further, the Company is not exposed to externally imposed capital requirement.

Note 13: Cost of goods sold

Details of this account as at December 31 follow:

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		2018		2017
Food, packaging, paper and novelties	Php	**28,686,775**	Php	14,996,951
Royalty		**2,580,154**		1,088,757
Advertisement		**2,232,866**		980,077
Supplies		**1,110,562**		614,155
Depreciation		**949,708**		949,708
Security services		**580,184**		-
Miscellaneous expense		**340,842**		220,441
	Php	**36,481,091**	Php	18,850,089

Details of food supplies, packaging, paper and novelties cost follow:

		2018		2017
Inventory, January 1	**Php**	**327,094**	Php	0
Purchases		**28,674,837**		15,324,045
Inventory, December 31		**(315,156)**		(327,094)
	Php	**28,686,775**	Php	14,996,951

Note 14: Income taxes

The provision for income tax for the year ended December 31 follow:

		2018	2017
Current	**Php**	**198,119**	137,667
Deferred		**-**	-
Income tax expense	**Php**	**198,119**	137,667

Note 15: Supplementary information required by Revenue Regulations No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

15.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2018		2017
Gross sales of goods	**Php**	**50,511,902**	Php	25,733,411
Less: VAT exempt sales		**4,440,908**		2,365,978
Net-vatable sale of goods		**46,070,994**		23,367,433
Output VAT, December 31	**Php**	**5,528,519**	Php	2,804,092

15.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2018		2017
Current year's domestic purchases/payments				
Goods for resale or further processing	**Php**	**3,131,292**	Php	1,799,586
Goods other than for resale		**1,655,905**		593,846
Total Vatable Purchases of goods		**(4,787,197)**		(2,393,432)
Input VAT, December 31	**Php**	**4,787,197**	Php	2,393,432

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15.3 All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2018		2017
Business taxes, licenses and permits	Php	211,701	Php	95,118
Community tax certificate		10,500		500
Other taxes and licenses		3,500		3,500
Total other taxes and licenses paid for the year	Php	225,701	Php	99,118

The amount of withholding taxes paid during the year ended December 31 follow:

		2018		2017
Tax on compensation and benefits	Php	10,771	Php	46,626
Creditable withholding taxes		257,143		132,468
Final withholding taxes		516,031		217,745
Total withholding taxes for the year	Php	783,945	Php	396,839

15.5 Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the year ended December 31, 2018.

15.6 Excise tax

The Company has no productions of goods for domestic sales or importation for the year ended December 31, 2018. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

15.7 Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the year ended December 31, 2018.

15.8 Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

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REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY TWO (22) page (s).

Verified by: ______ dated APRIL-10 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

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64415.0014.0001

# COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 201617466

Company Name

METRO CITY CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

BELEJ BUILDING SAN PEDRO
STREET DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	221-2397	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	May 31	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CIGER C. SARIO	jb_ciger@yahoo.com	224-5068	

Contact Person's Address
3/F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name:	Metro City Chow Foods Corporation
SEC Registration Number:	CS 201617466
Principal Office:	Belej Bldg., San Pedro St., Davao City
Contact Number:	221-2397
Contact Person:	Ciger C. Sario
Address:	PVL Bldg., Bolton St., Brgy. 3-A, Davao City
Contact Number:	224-5068

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

CLARITO, TAN AND ASSOCIATES, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chief Executive Officer: **JAIME T. CRUZ**
Signature over printed name

Treasurer & Chief financial Officer: **RICCI EVETTE L. CRUZ**
Signature over printed name

JUN 17 2020

Signed this 21st day of March, 2020

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2019. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2019 and the accompanying Annual Income Tax Return are in accordance with the books and records of **METRO CITY CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **METRO CITY CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

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Signed this 21st day of March, 2020

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
Unit 6 Dakudao Building,
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104 V. Ilustre Street,
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STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **METRO CITY CHOW FOODS CORPORATION** covering the period January 1, 2019 to December 31, 2019 that are herewith submitted to the Securities and Exchange Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make this representation in my individual capacity.

Davao City, Philippines, March 31, 2020.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)
CDA CEA No. 032-AF

By:

JUAN C. FRIVALDO
CPA Certificate No. 98229 (November 03, 2021)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 3757435 C (January 10, 2020)

Davao City, Philippines
March 31, 2020

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64415.0014.0006

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

I have audited the financial statements of **METRO CITY CHOW FOODS CORPORATION** (the "Company") for the year ended December 31, 2019, on which I have rendered the attached report dated March 31, 2020.

In compliance with Revised Securities Regulation Code Rule No. 68, I am stating that the said Company has a total number of two (2) stockholders owning one hundred (100) shares or more each.

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Davao City, Philippines
March 31, 2020

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"Dedicated to Excellence and Quality Service"

STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

I, the appointed independent auditor of **METRO CITY CHOW FOODS CORPORATION** (the "Company"), do hereby state that I have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 15 of the Notes to Financial Statements.

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March 31, 2020

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64415.0014.0008

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinion

I have audited the accompanying financial statements of **METRO CITY CHOW FOODS CORPORATION**, which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of profit and loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **METRO CITY CHOW FOODS CORPORATION** as at December 31, 2019 and 2018, and its financial performance and its cash flow for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

I conducted my audit in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identified during my audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Such information is the responsibility of the management of **METRO CITY CHOW FOODS CORPORATION.** The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ELISES & CIUDADANO, CPAs
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PTR No. 3757435 C (January 10, 2020)

Davao City, Philippines
March 31, 2020

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019

	Note		2019		2018
ASSETS					
Current Assets					
Cash	2.3.1,4	Php	2,581,712	Php	1,338,090
Trade receivables	2.3.2,5		850,400		801,077
Inventory	2.3.3,6		409,152		315,156
Prepayments	2.3.4,7		186,200		190,806
Total Current Assets			4,027,463		2,645,129
Noncurrent Assets					
Property and equipment, net	2.3.5,8		16,084,141		18,113,849
Deferred tax asset			0		230,135
Other noncurrent assets	9		618,001		618,001
Total Noncurrent Assets			16,702,142		18,961,985
Total Assets		Php	20,729,606	Php	21,607,114
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Trade and other payables	2.3.8,10		19,256,216		20,761,114
Income tax payable			27,123		0
Total Current Liabilities			19,283,339		20,761,114
Total Liabilities			19,283,339		20,761,114
Stockholders' Equity					
Share capital	12		62,500		62,500
Retained earnings-appropriated	16		1,350,000		-
Retained earnings-unappropriated			33,767		783,500
Total Stockholders' Equity			1,446,267		846,000
Total Liabilities and Stockholders' Equity		Php	20,729,606	Php	21,607,114

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF PROFIT OR LOSS
For the Years Ended December 31, 2019 and 2018

	Note		2019		2018
REVENUES					
Sales		Php	46,315,744	Php	50,511,902
Less: Cost of Sales	13		32,695,919		36,481,091
Gross Profit			13,619,825		14,030,811
LESS: GENERAL AND ADMINISTRATIVE EXPENSES					
Communication, light and water			2,083,809		2,245,895
Insurance			56,549		50,424
Office supplies			99,345		120,099
Rental	11		3,054,601		3,054,601
Repairs and maintenance			388,460		400,811
Salaries, wages and benefits			5,547,573		5,987,610
SSS, GSIS, Philhealth, HDMF and other contributions			319,178		333,402
Senior Citizen discount			894,810		888,182
Taxes and licenses			266,644		225,701
Transportation and travel			51,330		63,690
Total General and Administrative Expenses			12,762,301		13,370,415
INCOME BEFORE INCOME TAX			857,524		660,396
LESS: PROVISION FOR INCOME TAX					
Current	2.3.11, 14		257,257		198,119
Income Tax Expense			257,257		198,119
NET PROFIT		Php	600,267	Php	462,277

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit		600,267	462,277
(Less) Add: Adjustments			
Depreciation		2,029,708	949,708
(Increase) Decrease in Assets:			
Trade receivables		(49,323)	(666,717)
Inventories		(93,996)	11,938
Prepayments		4,606	(128,744)
Other current assets		-	(498,001)
Deferred tax asset		230,135	(230,135)
Increase (decrease) in Liabilities:			
Trade and other payables		(1,504,898)	655,044
Income tax payable		27,123	(6,398)
Net cash flows from operating activities		1,243,622	548,972
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		-	(1,019,080)
Acquisition of other noncurrent assets		-	-
Net cash flows from investing activities		-	(1,019,080)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock		-	-
Net cash flows from financing activities		-	-
INCREASE (DECREASE) IN CASH		1,243,622	(470,108)
CASH AT JANUARY 1		1,338,090	1,808,198
CASH AT DECEMBER 31		2,581,712	1,338,090

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2019 and 2018

		Stockholders' Equity			
		Share Capital	Retained Earnings		Total
At January 1, 2019	**Php**	**62,500**	**783,500**	**Php**	**846,000**
Add: Net Profit			**600,267**		**600,267**
At December 31, 2019	Php	62,500	1,383,767	Php	1,446,267
At January 1, 2018	Php	62,500	321,223	Php	383,723
Add: Net Profit			462,277		462,277
At December 31, 2018	Php	62,500	783,500	Php	846,000

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METRO CITY CHOW FOODS CORPORATION

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Years Ended December 31, 2019 and 2018

Unappropriated Retained Earnings, beginning	Php	321,223
Add: Net Profit closed to Retained Earnings		462,277
Adjustments:		
Appropriations of Retained Earnings (2018)		-
Unappropriated Retained Earnings, as adjusted, beginning		**783,500**
Add: Net Profit closed to Retained Earnings		**600,267**
Adjustments:		
Appropriations of Retained Earnings (2019)		**(1,350,000)**
Unappropriated Retained Earnings, as adjusted, ending	Php	33,767

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METRO CITY CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - CORPORATE INFORMATION

Metro City Chow Foods Corporation (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on August 4, 2016 to establish, operate and maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at Cor San Pedro and City Hall Drive, Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 31, 2020.

NOTE 2 - BASIS OF PREPARATION, STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency.

2.2 Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the "Framework") as approved by the Financial Reporting Standards Council, Board of Accountancy, and Securities and Exchange Commission (SEC).

The Company's opening Statement of Financial Position was prepared as at January 1, 2019, the Company's transition date to PFRS for Small Entities (SEs). The Company had not restated the comparative information for there were no adjustments to be made in the previous financial statements prepared in accordance with PFRS for SMEs. In compliance with the standard set forth by SEC under the Revised Securities Regulation Code (SRC) Rule 68, the Company shall use as their financial reporting framework the PFRS for SE.

Small entities are those that meet all of the following criteria:

1. Total assets of between Three Million Pesos (P3 Million) to One Hundred Million Pesos (P100 Million) or total liabilities between Three Million Pesos (P3 Million) to One Hundred Million Pesos (P100 Million). If the entity is a parent company, the said amounts shall be based on the consolidated figures;
2. Are not required to file financial statements under Part II of SRC Rule 78;
3. Are not in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market; and
4. Are not holders of secondary licenses issued by regulatory agencies.

The preparation of financial statements in conformity with the Framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

2.3 Significant Accounting Policies

2.3.1 Cash

Cash consists of cash on hand and in banks.

2.3.2 Trade receivables

Trade receivables refer to claims arising from sale of merchandise or services in the ordinary course of business and are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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2.3.3 Inventory

Inventories are assets which are held for sale in the ordinary course of business and are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

Cost are accounted for as follows:

Processed Inventories	-	Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.
Food supplies, packaging, store and other supplies, and other novelty items	-	Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

Net realizable value of processed inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the necessary to make the sale.

Net realizable value of food supplies, packaging, store and other supplies is the current replacement cost.

Net realizable value of novelty items is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.3.4 Prepayments

Prepayments or "prepaid expenses" are expenses paid in advance but not yet incurred and therefore are assets.

2.3.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment values. The initial cost includes its purchase price, freight, handling, storage, import duties, taxes and other expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized and charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method or the lease term in case of leasehold improvements, whichever is shorter. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights & improvements	3 – 5

The asset's residual values, useful lives and depreciation methods are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the period and method are consistent with the expected pattern, and to oversee if there are indications of a significant change since the last reporting date.

When assets are sold or retired, the cost, accumulated depreciation and any impairment are eliminated from the accounts and any gain or losses from the disposal is included in the statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Moreover, gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are presented as "other gains/ (losses)" in the statement of comprehensive income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

2.3.6 Deferred tax asset

Deferred tax asset is the tax effect of expected future income tax benefit relating to the long-service benefit, which will not be tax-deductible until the benefit is actually paid but has already been recognized as an expense in measuring the profit for the year.

2.3.7 Impairment of non-financial assets

Impairment of assets is a fall in the market value of an asset so that its recoverable amount is less than its carrying value. Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.3.8 Trade and other payables

Trade and other payables are obligations of an entity arising from past transactions or events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial liability in the period in which the related money, goods or services are received or when a legally enforceable claim against the company is established or when the corresponding assets and expenses are recognized. After initial recognition, an entity shall measure it at amortized cost using the effective interest method. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.3.9 Leases

Leases are agreements whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments under operating lease made by the Company are charged on a straight-line basis over the period of the lease to the operations.

2.3.10 Revenue and expense recognition

Revenue arises in the ordinary course of the Company's activities. It comprises the fair value of the consideration received or receivable for the sale of goods. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; the entity retains neither continuing managerial involvement nor effective control over the goods sold; and the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Expenses are recognized in the statement of comprehensive income when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Operating and administrative expenses are recognized when incurred.

2.3.11 Income taxes

The tax expense for the period comprises current and deferred tax. Income tax expense represents the sum of the tax currently payable and is also recognized in the profit or loss. Tax currently payable is based on taxable profit for the year multiplied to the tax rates and laws that have been enacted by the reporting period.

Deferred income tax is recognized between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases, known as temporary difference, and could be a net deferred tax asset or net deferred tax liability. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the period in which it expects that the temporary difference will be realized or settled, on the basis of tax rates and laws that have been enacted or substantially enacted by the end of the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Unrecognized deferred tax assets are re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.3.12 Subsequent events

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to financial statements when material.

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES

The judgments, assumptions and estimates used in the financial statements are based upon management's continued evaluation of relevant facts and circumstances including expectations of future as at the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

Assumptions used in arriving at the estimates may change in the future depending on what is believed to be reasonable under the circumstances and the effects of such changes are reflected in the financial statements as they become readily determinable.

The following judgments, assumptions and estimates that have the most significant risk of causing a material adjustment in the financial statements are disclosed below:

(a) Income taxes
Significant and prudent judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the tax determination is uncertain. The Company recognizes liabilities for anticipated tax examination issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Employee benefit obligation
The retirement obligation and cost and other retirement benefits is based on the selection of certain assumptions used. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

NOTE 4 - CASH

The cash account as at December 31 consists of:

		2019		2018
Cash on hand	**Php**	**54,000**	Php	54,000
Cash in bank		**2,527,712**		1,284,090
	Php	**2,581,712**	Php	1,338,090

Cash in bank generally earns interest based on daily bank deposit rate.

NOTE 5 - TRADE RECEIVABLES

Trade receivables as at December 31 amounted to **Php 850,400** versus last year Php 801,077.

These accounts are non-interest bearing and are normally collected or liquidated within one year. The Company management has assessed that as at December 31, 2018, none of the above accounts are impaired.

NOTE 6 - INVENTORY

		2019		2018
Foods supplies and processed inventories	**Php**	**304,147**	Php	279,272
Packaging, store and other supplies		**105,005**		35,884
Novelty items		**0**		0
	Php	**409,152**	Php	315,156

The cost of inventories recognized as expense amounted to **Php 23,713,054** and Php 28,686,775 as at December 31, 2019 and 2018 respectively.

NOTE 7 - PREPAYMENTS

Prepayments amounted to **Php 186,200** and Php 190,806 as at December 31, 2019 and 2018 respectively.

NOTE 8 - PROPERTY AND EQUIPMENT

The account as at December 31 consists of:

2019

		Leasehold rights and improvements		Store equipment		Furniture and fixtures		Total
Cost								
January 1, 2019	Php	9,337,650	Php	8,014,330	Php	2,661,285	Php	20,013,265
Additions								
Disposals		0		0		0		0
December 31, 2019		9,337,650		8,014,330		2,661,285		20,013,265
Accumulated Depreciation								
January 1, 2019		933,764		699,524		266,128		1,899,416
Depreciation charge		1,000,323		824,643		204,742		2,029,708
Disposals		0		0		0		0
December 31, 2019		1,934,087		1,524,167		470,870		3,929,124
Net book value	**Php**	**7,403,563**	**Php**	**6,490,163**	**Php**	**2,190,415**	**Php**	**16,084,141**

2018

		Leasehold rights and improvements		Store equipment		Furniture and fixtures		Total
Cost								
January 1, 2018	Php	9,337,650	Php	6,995,250	Php	2,661,285	Php	18,994,185
Additions				1,019,080				1,019,080
Disposals		0				0		
December 31, 2018		9,337,650		8,014,330		2,661,285		20,013,265
Accumulated Depreciation								
January 1, 2018		0		0		0		0
Depreciation charge		466,882		349,762		133,064		949,708
Disposals		466,882		349,762		133,064		949,708
December 31, 2018		933,764		699,524		266,128		1,899,416
Net book value	**Php**	**8,403,886**	**Php**	**7,314,806**	**Php**	**2,395,157**	**Php**	**18,113,849**

Depreciation charged to cost of goods sold amounted to Php 2,029,708 and Php 949,708 as at December 31, 2019 and 2018 respectively.

NOTE 9 - OTHER NONCURRENT ASSETS

The account pertains to security deposits for operating leases entered by the Company. The security deposits are recoverable from the lessors at the end of the lease term.

Security deposits during the year amounted to **Php 618,001** and Php 618,001 as at December 31, 2019 and 2018 respectively.

NOTE 10 - TRADE AND OTHER PAYABLES

Details of this account as at December 31 consist of:

		2019		2018
Trade payables	**Php**	**18,768,813**	Php	20,250,595
SSS, HDMF, PHIC and taxes on wages		**319,178**		305,209
Accrued expenses		**168,225**		205,310
	Php	**19,256,216**	Php	20,761,114

NOTE 11 - COMMITMENTS UNDER OPERATING LEASES

The Company leases a commercial space under a long-term lease of 10 years commencing on June 24, 2017. The lease is subject to rent reviews after 10 years. The lease is subject to renewal upon mutual consent of both parties. Monthly rent is also subject to 10% escalation annually.

The minimum lease payments under operating leases recognized as expense amounted to **Php 3,054,601** and Php 3,054,601 as at December 31, 2019 and 2018 respectively.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

		2019		2018
No later than 1 year	**Php**	**3,054,601**	Php	3,054,601
Later than 1 year and no later than 5 years		**3,054,601**		6,109,202
Later than 5 years		**9,163,803**		9,163,803
	Php	**15,273,005**	Php	18,327,606

NOTE 12 - SHARE CAPITAL

The following are the Company's equity account details:

		2019	2018
Authorized capital share - 10,000 shares @ Php 100 par value	**Php**	**1,000,000**	1,000,000
Ordinary shares			
Subscribed capital share - 625 shares		**62,500**	62,500
Less: Subscription receivable		**0**	0
Fully paid, issued and outstanding		**62,500**	62,500
Retained earnings		**1,383,767**	783,500
	Php	**1,446,267**	846,000

The Company is authorized to issue ten thousand (10,000) ordinary shares with a par value of one hundred pesos (Php 100) per share. The balance as at December 31, 2018 comprise six hundred twenty-five (625) ordinary shares with par value of sixty-two thousand five hundred pesos (Php 62,500) fully paid, issued and outstanding. Further, the Company is not exposed to externally imposed capital requirement.

NOTE 13 - COST OF GOODS SOLD

Details of this account as at December 31 follow:

		2019		2018
Food, packaging, paper and novelties	**Php**	**23,713,054**	Php	28,686,775
Royalty		**2,788,436**		2,580,154
Advertisement		**1,798,446**		2,232,866
Supplies		**1,469,941**		1,110,562
Depreciation		**2,029,708**		949,708
Security services		**443,717**		580,184
Miscellaneous expense		**452,617**		340,842
	Php	**32,695,919**	Php	36,481,091

Details of food supplies, packaging, paper and novelties cost follow:

		2019		2018
Inventory, January 1	**Php**	**315,156**	Php	327,094
Purchases		**23,807,050**		28,674,837
Inventory, December 31		**(409,152)**		(315,156)
	Php	**23,713,054**	Php	28,686,775

NOTE 14 - INCOME TAXES

The provision for income tax for the year ended December 31 follow:

		2019	2018
Current	**Php**	**257,257**	198,119
Deferred		**-**	-
Income tax expense	**Php**	**257,257**	198,119

NOTE 15 - SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATIONS NO. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

15.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2019		2018
Gross sales of goods	**Php**	**46,315,744**	Php	50,511,902
Less: VAT exempt sales		**4,474,050**		4,440,908
Net-vatable sale of goods		**41,841,694**		46,070,994
Output VAT, December 31	**Php**	**5,021,003**	Php	5,258,519

15.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2019		2018
Current year's domestic purchases/payments				
Goods for resale or further processing	**Php**	**2,845,566**	Php	3,131,292
Goods other than for resale		**1,479,436**		1,655,905

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Total Vatable Purchases of goods		**(4,3,25,002)**		(4,787,197)
Input VAT, December 31	**Php**	**4,325,002**	Php	4,787,197

15.3 All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2019		2018
Business taxes, licenses and permits	**Php**	**252,644**	Php	211,701
Community tax certificate		**10,500**		10,500
Other taxes and licenses		**3,500**		3,500
Total other taxes and licenses paid for the year	**Php**	**266,644**	Php	225,701

The amount of withholding taxes paid during the year ended December 31 follow:

		2019		2018
Tax on compensation and benefits	**Php**	**9,925**	Php	10,771
Creditable withholding taxes		**257,142**		257,143
Final withholding taxes		**557,687**		516,031
Total withholding taxes for the year	**Php**	**824,754**	Php	783,945

15.5 Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the year ended December 31, 2019 and 2018.

15.6 Excise tax

The Company has no productions of goods for domestic sales or importation for the year ended December 31, 2019 and 2018. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

15.7 Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the year ended December 31, 2019 and 2018.

15.8 Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

NOTE 16 - RETAINED EARNINGS

The Company is required to make renovations every five (5) years as provided in its Franchise Agreement. These renovations include civil works, store remodeling, equipment replacement and upgrade, signages and other peripherals.

The Board has approved the appropriation of **Php 1,350,000** during its Board meeting to fund these renovations.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY THREE (23) page (s).

Verified by: dated APRIL 10 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "GGGGGGG"

# COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: CS 201617466

Company Name

METRO CITY CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

BELEJ BUILDING SAN PEDRO
STREET DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jb_jtcdvoacctg@yahoo.com	082-2245068	09327713142

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	May 31	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Numbe
GERLIE S. DELA CRUZ	jtc.acc0uting@gmail.com	082-2245068	0916522653

Contact Person's Address: 3F PVL BLDG, BOLTON ST, DAVAO CITY

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days occurrence thereof with information and complete contact details of the new contact person designated.

Securities and Exchange Commission PHILIPPINES

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AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name:	Metro City Chow Foods Corporation
SEC Registration Number:	CS 201617466
Principal Office:	Belej Bldg., San Pedro St., Davao City
Contact Number:	224-5068
Contact Person:	Gerlie S. Dela Cruz
Address:	3F PVL Bldg., Bolton St., Davao City
Contact Number:	224-5068

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METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2020. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of **METRO CITY CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **METRO CITY CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

BIR REVENUE REGION 19 RECEIVED APR 15 2021 C. SISON REVENUE DISTRICT NO. 113A-WEST, DAVAO CITY

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SIGNATURE NOT REQUIRED.

SUBSCRIBED AND SWORN to before me this 0 9 MAR 2021 by the affiant who exhibited to me his/her ____________ as competent proof of identity.

Signed this ________ day of 0 9 MAR 2021 2021

00890419

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Page No. ____
Book No. ____
Series of ____

Notary Public
Comm. Serial no. 2021-009-2022
Until 31 December 2022
Roll of Attorneys No. 58867
PTR No. 4791564 12/17/2019 (2021)-DC
TIN No. 409-194-796
MCLE Compliance No. VI-0009804
2/F Merco Bldg. corner Bolton & Rizal Sts., DC
Office Landline No.: 082) 333-4388

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

CLARITO, TAN AND ASSOCIATES, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chief Executive Officer: **JAIME T. CRUZ**
Signature over printed name

Treasurer & Chief financial Officer: **RICCI EVETTE L. CRUZ**
Signature over printed name

00890420

Signed this _________ day of 09 MAR 2021 2021

SUBSCRIBED AND SWORN to before me this 09 MAR 2021 by the affiant who exhibited to me his/her ____________________ as competent proof of identity.

RYAN ERIK C. SANTIAGO
Until 31 December 2022
Roll of Attorneys No. 58867
IBP No. 131598 - 1/02/2021 (2021) - DC
PTR No. 4791404 - 1/02/2021 (2021) - DC
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E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

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3rd Flr. JRT Building,
104 V. Ilustre Street,
Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **METRO CITY CHOW FOODS CORPORATION,** which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of profit and loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **METRO CITY CHOW FOODS CORPORATION** as at December 31, 2020 and 2019, and its financial performance and its cash flow for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the matter

We draw attention to Note 17 in the financial statements, which indicates the impact of COVID-19 on the Company's financial performance and cash flows. Also, the Company incurred capital deficiency amounting to Php 1,358,596 during the year ended December 31, 2020. The management's plans in response to these events and circumstances are discussed in Note 17 to the financial statements. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Such information is the responsibility of the management of **METRO CITY CHOW FOODS CORPORATION**. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)

By:

JUAN C. FRIVALDO
CPA Certificate No. 98229 (November 03, 2021)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

March 1, 2021
Davao City, Philippines

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION

For the Years Ended December 31, 2020 and 2019

	Notes		2020		2019
ASSETS					
Current Assets					
Cash	2.3.1,4	Php	1,330,277	Php	2,581,712
Trade receivables	2.3.2,5		605,300		850,400
Inventory	2.3.3,6		178,791		409,152
Prepayments	2.3.4,7		131,500		186,200
Total Current Assets			2,245,868		4,027,464
Noncurrent Assets					
Property and equipment, net	2.3.5,8		14,054,433		16,084,141
Deferred tax asset			927,392		-
Other noncurrent assets	9		618,001		618,001
Total Noncurrent Assets			15,599,826		16,702,142
Total Assets		Php	17,845,694	Php	20,729,606
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Trade and other payables	2.3.8,10		18,293,405		19,256,216
Income tax payable			69,426		27,123
Total Current Liabilities			18,362,831		19,283,339
Total Liabilities			18,362,831		19,283,339
Stockholders' Equity					
Share capital	12		62,500		62,500
Retained earnings-appropriated	15		1,350,000		1,350,000
Retained earnings-unappropriated			(1,929,637)		33,767
Total Stockholders' Equity			(517,137)		1,446,267
Total Liabilities and Stockholders' Equity		Php	17,845,694	Php	20,729,606

See accompanying Notes to Financial Statements.

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF PROFIT OR LOSS

For the Years Ended December 31, 2020 and 2019

	Note		2020		2019
REVENUES					
Sales		Php	18,933,490	Php	46,315,744
Less: Cost of Sales	13		14,636,789		32,695,919
Gross Profit			4,296,702		13,619,825
LESS: GENERAL AND ADMINISTRATIVE EXPENSES					
Communication, light and water			903,105		2,083,809
Insurance			31,722		56,549
Office supplies			85,576		99,345
Rental	11		771,605		3,054,601
Repairs and maintenance			288,319		388,460
Salaries, wages and benefits			4,372,174		5,547,573
SSS, GSIS, Philhealth, HDMF and other contributions			132,576		319,178
Senior Citizen discount			299,187		894,810
Taxes and licenses			192,519		266,644
Transportation and travel			24,781		51,330
Total General and Administrative Expenses			7,101,564		12,762,299
INCOME BEFORE INCOME TAX			(2,804,862)		857,526
LESS: PROVISION FOR INCOME TAX					
Current	2.3.11, 14		-		257,258
Deferred	2.3.11, 14		(841,459)		-
Income Tax Expense			(841,459)		257,258
NET PROFIT		Php	(1,963,403)	Php	600,268

See accompanying Notes to Financial Statements.

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit		(1,963,403)	600,267
(Less) Add: Adjustments			
Depreciation		2,029,708	2,029,708
(Increase) Decrease in Assets:			
Trade receivables		245,100	(49,323)
Inventories		230,361	(93,996)
Prepayments		54,700	4,606
Other current assets		-	-
Deferred tax asset		(927,392)	230,135
Increase (decrease) in Liabilities:			
Trade and other payables		(962,811)	(1,504,898)
Income tax payable		42,303	27,123
Net cash flows from operating activities		(1,251,435)	1,243,622
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		-	-
Acquisition of other noncurrent assets		-	-
Net cash flows from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock		-	-
Net cash flows from financing activities		-	-
INCREASE (DECREASE) IN CASH		(1,251,435)	1,243,622
CASH AT JANUARY 1		2,581,712	1,338,090
CASH AT DECEMBER 31		1,330,277	2,581,712

See accompanying Notes to Financial Statements.

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2020 and 2019

		Stockholders' Equity			
		Share Capital	Retained Earnings		Total
At January 1, 2020	**Php**	**62,500**	**1,383,767**	**Php**	**1,446,267**
Less: Net Loss			**(1,963,404)**		**(1,963,404)**
At December 31, 2020	Php	62,500	(579,637)	Php	(517,137)
At January 1, 2019	Php	62,500	783,500	Php	846,000
Add: Net Profit			600,267		600,267
At December 31, 2019	Php	62,500	1,383,767	Php	1,446,267

See accompanying Notes to Financial Statements.

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METRO CITY CHOW FOODS CORPORATION

Reconciliation of Retained Earnings Available for Dividend Declaration

For the Years Ended December 31, 2020 and 2019

Unappropriated Retained Earnings, January 1, 2019	Php	783,500
Add: Net Profit closed to Retained Earnings		600,268
Adjustments:		
Appropriations of Retained Earnings (2019)		-
Unappropriated Retained Earnings, January 1, 2020		**1,383,768**
Less: Net Loss closed to Retained Earnings		**(2,804,862)**
Adjustments:		
Appropriations of Retained Earnings (2020)		-
Unappropriated Retained Earnings, December 31, 2020	Php	(1,421,094)

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METRO CITY CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 1 - CORPORATE INFORMATION

Metro City Chow Foods Corporation (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on August 4, 2016 to establish, operate and maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at Cor San Pedro and City Hall Drive, Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 1, 2021.

NOTE 2 - BASIS OF PREPARATION, STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency.

2.2 Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the "Framework") as approved by the Financial Reporting Standards Council, Board of Accountancy, and Securities and Exchange Commission (SEC).

The Company's opening Statement of Financial Position was prepared as at January 1, 2019, the Company's transition date to PFRS for Small Entities (SEs). The Company had not restated the comparative information for there were no adjustments to be made in the previous financial statements prepared in accordance with PFRS for SMEs. In compliance with the standard set forth by SEC under the Revised Securities Regulation Code (SRC) Rule 68, the Company shall use as their financial reporting framework the PFRS for SE.

Small entities are those that meet all of the following criteria:
(1) Total assets of between Three Million Pesos (P3 Million) to One Hundred Million Pesos (P100 Million) or total liabilities between Three Million Pesos (P3 Million) to One Hundred Million Pesos (P100 Million). If the entity is a parent company, the said amounts shall be based on the consolidated figures;
(2) Are not required to file financial statements under Part II of SRC Rule 78;
(3) Are not in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market; and
(4) Are not holders of secondary licenses issued by regulatory agencies.

The preparation of financial statements in conformity with the Framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

2.3 Significant Accounting Policies

2.3.1 Cash

Cash consists of cash on hand and in banks.

2.3.2 Trade receivables

Trade receivables refer to claims arising from sale of merchandise or services in the ordinary course of business and are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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2.3.3 Inventory

Inventories are assets which are held for sale in the ordinary course of business and are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

Cost are accounted for as follows:

Processed Inventories	-	Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.
Food supplies, packaging, store and other supplies, and other novelty items	-	Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

Net realizable value of processed inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the necessary to make the sale.

Net realizable value of food supplies, packaging, store and other supplies is the current replacement cost.

Net realizable value of novelty items is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.3.4 Prepayments

Prepayments or "prepaid expenses" are expenses paid in advance but not yet incurred and therefore are assets.

2.3.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment values. The initial cost includes its purchase price, freight, handling, storage, import duties, taxes and other expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized and charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method or the lease term in case of leasehold improvements, whichever is shorter. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights & improvements	3 – 5

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The asset's residual values, useful lives and depreciation methods are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the period and method are consistent with the expected pattern, and to oversee if there are indications of a significant change since the last reporting date.

When assets are sold or retired, the cost, accumulated depreciation and any impairment are eliminated from the accounts and any gain or losses from the disposal is included in the statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Moreover, gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are presented as "other gains/ (losses)" in the statement of comprehensive income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

2.3.6 Deferred tax asset

Deferred tax asset is the tax effect of expected future income tax benefit relating to the long-service benefit, which will not be tax-deductible until the benefit is actually paid but has already been recognized as an expense in measuring the profit for the year.

2.3.7 Impairment of non-financial assets

Impairment of assets is a fall in the market value of an asset so that its recoverable amount is less than its carrying value. Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.3.8 Trade and other payables

Trade and other payables are obligations of an entity arising from past transactions or events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial liability in the period in which the related money, goods or services are received or when a legally enforceable claim against the company is established or when the corresponding assets and expenses are recognized. After initial recognition, an entity shall measure it at amortized cost using the effective interest method. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.3.9 Leases

Leases are agreements whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments under operating lease made by the Company are charged on a straight-line basis over the period of the lease to the operations.

2.3.10 Revenue and expense recognition

Revenue arises in the ordinary course of the Company's activities. It comprises the fair value of the consideration received or receivable for the sale of goods. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; the entity retains neither continuing managerial involvement nor effective control over the goods sold; and the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Expenses are recognized in the statement of comprehensive income when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Operating and administrative expenses are recognized when incurred.

2.3.11 Income taxes

The tax expense for the period comprises current and deferred tax. Income tax expense represents the sum of the tax currently payable and is also recognized in the profit or loss. Tax currently payable is based on taxable profit for the year multiplied to the tax rates and laws that have been enacted by the reporting period.

Deferred income tax is recognized between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases, known as temporary difference, and could be a net deferred tax

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asset or net deferred tax liability. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the period in which it expects that the temporary difference will be realized or settled, on the basis of tax rates and laws that have been enacted or substantially enacted by the end of the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Unrecognized deferred tax assets are re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.3.12 Subsequent events

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to financial statements when material.

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES

The judgments, assumptions and estimates used in the financial statements are based upon management's continued evaluation of relevant facts and circumstances including expectations of future as at the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

Assumptions used in arriving at the estimates may change in the future depending on what is believed to be reasonable under the circumstances and the effects of such changes are reflected in the financial statements as they become readily determinable.

The following judgments, assumptions and estimates that have the most significant risk of causing a material adjustment in the financial statements are disclosed below:

(a) Income taxes
Significant and prudent judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the tax determination is uncertain. The Company recognizes liabilities for anticipated tax examination issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Employee benefit obligation
The retirement obligation and cost and other retirement benefits is based on the selection of certain assumptions used. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

NOTE 4 - CASH

The cash account as at December 31 consists of:

		2020		2019
Cash on hand	**Php**	**54,000**	Php	54,000
Cash in bank		**1,276,277**		2,527,712
	Php	**1,330,277**	Php	2,581,712

Cash in bank generally earns interest based on daily bank deposit rate.

NOTE 5 - TRADE RECEIVABLES

Trade receivables as at December 31 amounted to **Php 605,300** versus last year Php 850,400.

These accounts are non-interest bearing and are normally collected or liquidated within one year. The Company management has assessed that as at December 31, 2018, none of the above accounts are impaired.

NOTE 6 - INVENTORY

		2020		2019
Foods supplies and processed inventories	**Php**	**164,151**	Php	304,147
Packaging, store and other supplies		**14,640**		105,005
Novelty items		**0**		0
	Php	**178,791**	Php	409,152

The cost of inventories recognized as expense amounted to **Php 7,552,827** and Php 23,713,054 as at December 31, 2020 and 2019 respectively.

NOTE 7 - PREPAYMENTS

Prepayments amounted to **Php 131,500** and Php 186,200 as at December 31, 2020 and 2019 respectively.

NOTE 8 - PROPERTY AND EQUIPMENT

The account as at December 31 consists of:

2020

	Leasehold rights and improvements	**Store equipment**	**Furniture and fixtures**	**Total**
Cost				
January 1, 2020	Php 9,337,650	Php 8,014,330	Php 2,661,285	Php 20,013,265
Additions				
Disposals	0	0	0	0
December 31, 2020	9,337,650	8,014,330	2,661,285	20,013,265
Accumulated Depreciation				
January 1, 2020	1,934,087	1,524,167	470,870	3,929,124
Depreciation charge	1,000,323	824,643	204,742	2,029,708
Disposals	0	0	0	0
December 31, 2020	2,934,410	2,348,810	675,612	5,958,832
Net book value	**Php 6,403,240**	**Php 5,665,520**	**Php 1,985,673**	**Php 14,054,433**

2019

	Leasehold rights and improvements	**Store equipment**	**Furniture and fixtures**	**Total**
Cost				
January 1, 2019	Php 9,337,650	Php 6,995,250	Php 2,661,285	Php 18,994,185
Additions		1,019,080		1,019,080
Disposals	0		0	
December 31, 2019	9,337,650	8,014,330	2,661,285	20,013,265
Accumulated Depreciation				
January 1, 2019	0	0	0	0
Depreciation charge	933,764	699,524	266,128	1,899,416
Disposals	1,000,323	824,643	204,742	2,029,708
December 31, 2019	1,934,087	1,524,167	470,870	3,929,124
Net book value	**Php 7,403,563**	**Php 6,490,163**	**Php 2,190,415**	**Php 16,084,141**

Depreciation charged to cost of goods sold amounted to Php2,029,708 and Php [illegible] as at December 31, 2020 and 2019 respectively.

NOTE 9 - OTHER NONCURRENT ASSETS

The account pertains to security deposits for operating leases entered by the Company. The security deposits are recoverable from the lessors at the end of the lease term.

Security deposits during the year amounted to **Php 618,001** and Php 618,001 as at December 31, 2020 and 2019 respectively.

NOTE 10 - TRADE AND OTHER PAYABLES

Details of this account as at December 31 consist of:

		2020		2019
Trade payables	**Php**	**17,847,103**	Php	18,768,813
SSS, HDMF, PHIC and taxes on wages		**295,650**		319,178
Accrued expenses		**150,652**		168,225
	Php	**18,293,405**	Php	19,256,216

NOTE 11 - COMMITMENTS UNDER OPERATING LEASES

The Company leases a commercial space under a long-term lease of 10 years commencing on June 24, 2017. The lease is subject to rent reviews after 10 years. The lease is subject to renewal upon mutual consent of both parties. Monthly rent is also subject to 10% escalation annually.

The minimum lease payments under operating leases recognized as expense amounted to **Php 771,605** and Php 3,054,601 as at December 31, 2020 and 2019 respectively.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

		2020		2019
No later than 1 year	**Php**	**771,605**	Php	3,054,601
Later than 1 year and no later than 5 years		**771,605**		3,054,601
Later than 5 years		**8,392,198**		9,163,803
	Php	**9,935,408**	Php	15,273,005

NOTE 12 - SHARE CAPITAL

The following are the Company's equity account details:

		2020	2019
Authorized capital share - 10,000 shares @ Php 100 par value	**Php**	**1,000,000**	1,000,000
Ordinary shares			
Subscribed capital share - 625 shares		**62,500**	62,500
Less: Subscription receivable		**0**	0
Fully paid, issued and outstanding		**62,500**	62,500
Retained earnings		**(576,637)**	1,383,767
	Php	**(517,137)**	1,446,267

The Company is authorized to issue ten thousand (10,000) ordinary shares with a par value of one hundred pesos (Php 100) per share. The balance as at December 31, 2020 comprise six hundred twenty-five (625) ordinary shares with par value of sixty-two thousand five hundred pesos (Php 62,500) fully paid, issued and outstanding. Further, the Company is not exposed to externally imposed capital requirement.

NOTE 13 - COST OF GOODS SOLD

Details of this account as at December 31 follow:

		2020		2019
Food, packaging, paper and novelties	**Php**	**7,552,827**	Php	23,713,054
Royalty		**1,637,853**		2,788,436
Advertisement		**1,774,270**		1,798,446
Supplies		**842,165**		1,469,941
Depreciation		**2,029,708**		2,029,708
Security services		**373,332**		443,717
Miscellaneous expense		**426635**		452,617
	Php	**14,636,789**	Php	32,695,919

Details of food supplies, packaging, paper and novelties cost follow:

		2020		2019
Inventory, January 1	**Php**	**409,152**	Php	315,156
Purchases		**7,322,466**		23,807,050
Inventory, December 31		**(178,791)**		(409,152)
	Php	**7,552,827**	Php	23,713,054

NOTE 14 - INCOME TAXES

The provision for income tax for the year ended December 31 follow:

		2020	2019
Current	**Php**	**-**	257,258
Deferred		**(841,459)**	-
Income tax expense	**Php**	**(841,459)**	257,258

The gross movement on the deferred income tax account is as follows:

		2020		2019
Beginning of the year	**Php**	-	Php	-
Add: Excess MCIT		**85,933**		-
NOLCO		**841,459**		-
Employee benefit obligation (30%)		-		-
Total		**927,392**		-
Less: Expired excess MCIT		-		-
End of the year	**Php**	**927,392**	Php	-

Details of NOLCO, which can be applied as a deduction in the succeeding three years, are as follow:

Year incurred	Year of expiry		2019		Additions		Applied/ Expired		2020
2020	2023	Php	-	Php	2,804,862	Php	-	**Php**	**2,804,862**

Details of excess MCIT are as follow:

Year incurred	Year of expiry		2019		Additions		Applied/ Expired		2020
2020	2023	Php	-	Php	85,394	Php	-	**Php**	**85,394**

NOTE 15 - SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATIONS NO. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

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Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

15.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2020		2019
Gross sales of goods	**Php**	**17,437,557**	Php	46,315,744
Less: VAT exempt sales		**1,495,933**		4,474,050
Net-vatable sale of goods		**15,941,624**		41,841,694
Output VAT, December 31	**Php**	**1,912,995**	Php	5,021,003

15.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2020		2019
Current year's domestic purchases/payments				
Goods for resale or further processing	**Php**	**906,339**	Php	2,845,566
Goods other than for resale		**768,284**		1,479,436
Total Vatable Purchases of goods		**(1,674,623)**		(4,325,002)
Input VAT, December 31	**Php**	**0**	Php	4,325,002

15.3 All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2020		2019
Business taxes, licenses and permits	**Php**	**178,519**	Php	252,644
Community tax certificate		**10,500**		10,500
Other taxes and licenses		**3,500**		3,500
Total other taxes and licenses paid for the year	**Php**	**192,519**	Php	266,644

The amount of withholding taxes paid during the year ended December 31 follow:

		2020		2019
Tax on compensation and benefits	**Php**	**0**	Php	9,925
Creditable withholding taxes		**146,315**		257,142
Final withholding taxes		**327,571**		557,687
Total withholding taxes for the year	**Php**	**473,886**	Php	824,754

15.5 Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the year ended December 31, 2020 and 2019.

15.6 Excise tax

The Company has no productions of goods for domestic sales or importation for the year ended December 31, 2020 and 2019. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

15.7 Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the year ended December 31, 2020 and 2019.

15.8 Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

NOTE 16 - RETAINED EARNINGS

The Company is required to make renovations every five (5) years as provided in its Franchise Agreement. These renovations include civil works, store remodeling, equipment replacement and upgrade, signages and other peripherals.

However, the Board has not approved any appropriation for year 2020.

NOTE 17 - IMPACT OF THE COVID-19 PANDEMIC

A novel coronavirus outbreak was first identified in Wuhan, Hubei Province, China, in December 2019. On February 11, 2020, the World Health Organization proclaimed an official name for the disease as COVID-19. The COVID-19 coronavirus pandemic has rapidly spread throughout the world in 2020. The President of the Philippines issued a state of calamity throughout the Philippine archipelago due to the COVID-19 pandemic and addresses this issue to contain the spread of the virus by the imposition of community quarantines, social distancing, suspension of classes, restriction of mass public transport system, suspension of land, domestic air and domestic sea travel to and from different cities and provinces, and closure of non-essential services, among others.

The various measures imposed by the Philippine government and those that will be additionally implemented as a result of the COVID-19 pandemic have but may not further adversely affect the Company's financial position, results of operations and cash flows in the current reporting period. The degree to which the virus outbreak affects the Company's financial position and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

However, there is uncertainty in the Company's capability to continue as a going concern due to capital deficiency as at December 31, 2020 amounting to Php 1,358,596.

The management plans to provide continuous financial support to pay its debt as and when they fall due. At present, it is believed that the virus outbreak are non-adjusting subsequent events. Therefore, the statement of financial position as at December 31, 2020 and statement of profit or loss for the year ended December 31, 2020 have not been adjusted to reflect the impact of the pandemic. Although it is not certain that this effort will be successful, management has determined that the action that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

E&C **Elises & Ciudadano**
(A Professional Firm of Certified Public Accountants)

"Dedicated to Excellence and Quality Service"

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SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

We have audited the financial statements of **METRO CITY CHOW FOODS CORPORATION** (the "Company") for the year ended December 31, 2020 on which we have rendered the attached report dated March 1, 2021.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the said Company has a total number of two (2) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)

By:

JUAN C. PRIVALDO
CPA Certificate No. 98229 (November 03, 2021)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

March 1, 2021
Davao City, Philippines

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)

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Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

We, the appointed independent auditor of **METRO CITY CHOW FOODS CORPORATION** (the "Company"), do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 15 of the Notes to Financial Statements.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)

By:

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TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

March 1, 2021
Davao City, Philippines

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY FOUR (24) page (s).

Verified by: ______________ dated APRIL-10 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "HHHHHHH"

Securities and Exchange Commission
PHILIPPINES

# COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 201617466

Company Name
METRO CITY CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)
BELEJ BUILDING SAN PEDRO
STREET DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jb_jtcdvoacctg@yahoo.com	082-2245068	09327713142

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	May 31	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
GERLIE S. DELA CRUZ	jtc.acc0uting@gmail.com	082-2245068	09165226537

Contact Person's Address
3F PVL BLDG, BOLTON ST, DAVAO CITY

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION
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Securities and
Exchange
Commission
PHILIPPINES

AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name:	Metro City Chow Foods Corporation
SEC Registration Number:	CS 201617466
Principal Office:	Belej Bldg., San Pedro St., Davao City
Contact Number:	224-5068
Contact Person:	Gerlie S. Dela Cruz
Address:	3F PVL Bldg., Bolton St., Davao City
Contact Number:	224-5068

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2021 and 2020. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2021 and 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of **METRO CITY CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **METRO CITY CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
Chairman of the Board

JAIME T. CRUZ
President & Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

Signed this 14th day of March, 2022

REVENUE REGION 19 · RECEIVED · APR 2 0 2022 · C. SISON · DISTRICT NO. 113A WEST, DAVAO CITY

SUBSCRIBED and SWORN TO BEFORE ME THIS APR 12 2022
AT DAVAO CITY, PHILIPPINES, BY AFFIANT WHO EXHIB
ME HIS/HER GOVERNMENT IDENTIFICATION

DOC. NO. 171
PAGE NO. 70

C. CALATRAVA-VALENZUELA
Notary Public
Commission Serial no. 2021-013-2022
Commission Expires on December 31, 2022
Roll of Attorneys No. 56363

NOTARY
Roll No. 56363

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SIGNATURE NOT REQUIRED

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

CLARITO, TAN AND ASSOCIATES, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

JAIME T. CRUZ
Chairman of the Board

JAIME T. CRUZ
President & Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

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APR 2 0 2022

Signed this 14th day of March, 2022

SUBSCRIBED and SWORN TO BEFORE ME TH
AT DAVAO CITY, PHILIPPINES, BY AFFIANT WHO EXHIB
ME HIS/HER GOVERNMENT IDENTIFICATION
AS COMPETENT PROOF OF IDEN

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DOC. No. 133
PAGE No. 23
BOOK No. II

CALATRAVA-VALENZUELA
Notary Public
Commission Serial no. 2021-013-2022
Commission Expires on December 31, 2022
Roll of Attorneys No. 56363
IBP No. 167280 11/12/21 (for 2022)
PTR No. 5811227 12/23/21 DC (for 2022)

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

Opinion

We have audited the financial statements of **METRO CITY CHOW FOODS CORPORATION**, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position **METRO CITY CHOW FOODS CORPORATION** as at December 31, 2021 and 2020, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

We draw attention to Note 18 to the financial statements which indicates the impact of COVID-19 on the entity's financial performance and cash flows, and its ability to continue as a going concern. Also, the Company suffered capital deficiency amounting to P1,693,899 and P517,137 during the years ended December 31, 2021 and 2020, respectively. The management's plans in response to these events and circumstances are also discussed in Note 18 to the financial statements. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Such information is the responsibility of the management of **METRO CITY CHOW FOODS CORPORATION**. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 6356891 C (January3, 2022)

Davao City, Philippines
March 25, 2022

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REVENUE DISTRICT NO. 113A-WEST, DAVAO CITY

METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION

		As of December 31	
	Note	2021	2020
ASSETS			
CURRENT ASSETS			
Cash	3	Ps. 386,575	Ps. 1,330,277
Trade and nontrade receivables	4	888,900	605,300
Inventory	5	315,474	178,791
Prepayments	6	188,456	131,500
Other current assets	7	160,014	-
Total Current Assets		**1,939,419**	**2,245,868**
NON-CURRENT ASSETS			
Property and equipment, net	8	12,024,725	14,054,433
Deferred tax asset	16	1,135,649	927,393
Other noncurrent assets	9	715,201	618,000
Total Non-Current Assets		**13,875,575**	**15,599,826**
TOTAL ASSETS		**Ps. 15,814,994**	**Ps. 17,845,694**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and nontrade payables	10	Ps. 17,464,065	Ps. 18,293,405
Income tax payable	16	44,828	69,426
Total Current Liabilities		**17,508,893**	**18,362,831**
SHAREHOLDERS' EQUITY			
(Authorized share capital 10,000 shares @ P100.00 par value per share, P1,000,000)			
Subscribed & Paid	11	62,500	62,500
Retained earnings	12	(1,756,399)	(579,637)
Total Capital Deficiency		**(1,693,899)**	**(517,137)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**Ps. 15,814,994**	**Ps. 17,845,694**

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF INCOME

	Note		Years Ended December 31 2021		2020
Sales		Ps.	25,641,365	Ps.	18,933,490
Cost of Sales	13		18,233,320		14,636,788
Gross Profit			7,408,045		4,296,702
Operating Expenses	14		8,878,997		7,101,564
Net Loss before Tax			(1,470,952)		(2,804,862)
Provision for Income Tax					
Current			-		-
Deferred	16		(294,190)		(841,459)
Net Loss		Ps.	(1,176,762)	Ps.	(1,963,403)

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	Ps. (1,176,762)	Ps. (1,963,403)
Adjustments for:		
Depreciation	2,029,708	2,029,708
Operating income before working capital changes	852,946	66,305
Decreases (increases) in:		
Trade and nontrade receivables	(283,600)	245,100
Inventories	(136,683)	230,361
Prepayments	(56,956)	54,700
Other current assets	(160,014)	-
Deferred tax asset	(208,256)	(927,392)
Increases (decreases) in:		
Trade and nontrade payables	(829,340)	(962,811)
Income tax payable	(24,598)	42,303
Net Cash Used In Operating Activities	**(846,501)**	**(1,251,434)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Security deposits paid	(97,201)	-
Net Cash Used In Investing Activities	**(97,201)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	-
Net Cash Provided (Used) In Financing Activities	**-**	**-**
NET DECREASE IN CASH	(943,702)	(1,251,434)
CASH BALANCE, BEGINNING	1,330,277	2,581,711

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31,2021 and 2020

		Subscribed and Paid		Retained Earnings		Total
Balance at January 1, 2020	Ps.	62,500	Ps.	1,383,766	Ps.	1,446,266
Net loss				(1,963,403)		(1,963,403)
Balance at December 31, 2020	**Ps.**	**62,500**	**Ps.**	**(579,637)**	**Ps.**	**(517,137)**
Balance at January 1, 2021	Ps.	62,500	Ps.	(579,637)	Ps.	(517,137)
Net income				(1,176,762)		(1,176,762)
Balance at December 31, 2021	**Ps.**	**62,500**	**Ps.**	**(1,756,399)**	**Ps.**	**(1,693,899)**

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METRO CITY CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - CORPORATE INFORMATION

Metro City Chow Foods Corporation (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on August 4, 2016 to establish, operate and maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at Cor San Pedro and City Hall Drive, Davao City.

The financial statements were approved by the Board of Directors and authorized for issue on March 25, 2022.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

The significant accounting and financial reporting policies applied in the preparation of financial statements are set forth to facilitate the understanding of data presented in the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a.) Statement of Compliance and Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the "Framework") as approved by the Financial Reporting Standards Council, Board of Accountancy, and Securities and Exchange Commission (SEC). The principal accounting policies adopted in the preparation of these financial statements are set in this note.

The financial statements have been prepared using the measurement bases specified by the PFRS for SEs for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost convention and presented in Philippine peso, except otherwise stated, and are drawn up in accordance with the provisions of the PFRS for SEs.

b.) Financial Assets and Financial Liabilities

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basis financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and cash equivalents, trade and nontrade receivables borrowings, trade and nontrade payables. The Company does not have complex financial instruments.

Basic financial instruments

Initial measurement

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Company's debt financial instrument is subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at asset's original effective interest rate.

Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

c.) Cash

Cash included cash on hand and savings and demand deposits that are unrestricted and readily available for use in the Company's operations and generally earn interest based on daily bank deposit rates.

d.) Trade and nontrade receivables

Trade and nontrade receivables are recognized initially at the transaction price plus transaction cost. They are subsequently measured at amortized cost using the effective interest method less allowance for impairment losses. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and nontrade receivables expected to be realized within one year after the reporting date or within the Company's normal operating cycle are classified as current assets in the statement of financial position. Otherwise, these are classified as noncurrent assets.

These are derecognized when the rights to receive cash flows from the receivables have expired, or if the Company has transferred its rights to receive cash flows from the receivables.

e.) Inventories

Inventories are assets which are held for sale in the ordinary course of business are recognized initially at cost. Subsequently, these are stated at the lower of cost and market value. Cost is determined using the first-in, first-out (FIFO) method.

Costs are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss. Market value is determined as the probable selling price to willing buyers as of reporting date. The Company makes an assessment of market value at each subsequent reporting date. A reversal of impairment is recognized when the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in market value. Any impairment reversal is recognized in profit or loss, but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount [illegible] which the related revenue is recognized.

f.) Prepayments

Prepayments are expenses paid in cash and recorded as assets before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with

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the passage of time or through use or consumption. Prepayments includes insurance, rent, repairs, supplies, and the like.

g.) Other current assets

Other current assets include the current portion of deposits on leasehold, and deferred credits (such as excess MCIT, excess creditable withholding taxes, quarterly income tax).

h.) Property and equipment

Property and equipment are initially recognized at cost. Cost includes purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, plus expenditures that are directly attributable to brining the asset to its present location and condition necessary for it to be capable of operating in the manner intended by the management.

After initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights and improvements	3 – 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected to arise from the continued use of the asset. When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income or expense in the statement of income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

i.) Impairment of non-financial assets

Assets that are subject to depreciation, are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is an indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, asses are grouped at the lowest levels for which they are separately identifiable as cash flows. The impairment loss shall be recognized in profit or loss.

Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. If the estimated recoverable amount of the asset exceeds its carrying amount, the carrying amount is increased to recoverable amount. The reversal of an impairment loss shall not increase the carrying amount of the asset above the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j.) Other noncurrent assets

Other non-current assets include the non-current portion of deposits on leasehold.

k.) Trade and nontrade payables

Trade and nontrade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

The Company's trade and nontrade payables include accounts payable, advances from customers, due to government agencies, accrued interest and accrued expenses.

These are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

l.) Employee benefits

Short-term benefits

Employee entitlements to salaries and wages, annual vacation, and other benefits are recognized when they are accrued to employees. Annual vacation and other leaves have been calculated on an actual entitlement basis at current rates of pay. Unpaid benefits at the end of the reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments.

Post-employment obligations

The Company maintains a defined contribution plan for its regular employees. Under the plan, the Company pays a fixed contribution to a publicly administered pension entity. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets/fund to pay all employees the benefits relating to employee service in the current and prior periods. However, Management has set up yearly appropriation based on certain percentage of net profit after tax to take care of future deficit. The contributions are recognized as employee benefit expense when they are due.

The Company employs less than ten (10) employees and, therefore, is not covered under Republic Act (RA) No. 7641 (The Philippine Retirement Pay Law), which provides for defined benefit minimum guarantee equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service. The benefits due under RA No. 7641 are required to be accounted for as defined benefit plan under PAS 19 (Revised), "Employee Benefits".

m.) Equity instrument

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on present value basis.

Share capital and share premium

Share capital is measured at par value for all shares issued. Any amount received by the Company in excess of par value of its shares is credited to share premium. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings consist of accumulated profits less any amounts distributed to the shareholders.

Cash dividend distribution

Cash dividends to shareholders are recognized as a liability and deducted from equity when approved by the Company's Board of Directors.

n.) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company concluded that it is acting as a principal in all its revenue arrangements.

PFRS 15, 'Revenue From Contracts with Customers', establishes five-step model (identify the contract, identify separate performance obligations, determine the transaction price, allocate transaction price to performance obligations and recognize revenue as or when each performance obligation is satisfied) to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also requires the Company to exercise judgement facts and circumstances when applying each step of the model and specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to a fulfilling a contract.

Revenue comprises the fair value of the consideration received for the sale of goods in the ordinary course of the Company's activities.

The Company recognizes revenue when it is probable that future economic benefits will flow to the Company, the amount of revenue can be reliably measured and specific criteria have been met for each of the Company's activities.

o.) Expense recognition

Expenses are recognized in the statement of income upon utilization of goods and services or at the date such expenses are incurred, determined a.) on the basis of direct association between the expenses incurred and the earning of specific items of revenue; b.) on the basis of systematic and rational allocation produces when economic benefits are expected to arise over several reporting periods and association can only be broadly or indirectly determined; or, c.) immediately when expenditure procedures no future economic benefits or when, and to the extent that future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial statement position as an asset.

p.) Leases – Company as lessee

The Company shall recognize all lease payments as expense in the statements of income in the period in which they are incurred.

q.) Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

Current Tax

The tax currently payable is based on taxable income for the year. Taxable income differs from the profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the end of the reporting period.

Deferred Income Tax

Deferred income tax is provided using the balance sheet-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the temporary differences (principally relating to provisions for receivable impairment and unearned interest and discounts) between financial reporting bases of assets and liabilities and their related tax bases.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The rates enacted at the end of the reporting period are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability.

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Current and Deferred Tax for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items recognized in profit or loss or directly in equity. In this case, the tax is also recognized in profit or loss or directly in equity, respectively.

The Company establishes liabilities for probable and estimable assessments by the Bureau of Internal revenue (BIR) resulting from any known tax exposures. Estimates represent a reasonable provision for taxes ultimately expected to be paid and may need to be adjusted over time as more information becomes available.

r.) Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

In those cases, where the possible outflow of economic resource as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that the developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

s.) Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

t.) Rounding of Amounts

All amount disclosed in the financial statements and notes have been rounded off to the nearest peso, unless otherwise indicated.

u.) Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

v.) Comparatives

Where necessary, comparative figures have been reclassified as required by relevant standards.

NOTE 3 - CASH

This account consists of:

	December 31	
	2021	**2020**
Cash on hand	54,000	54,000
Cash in bank	332,575	1,276,277
TOTAL	**386,575**	**1,330,277**

Cash in banks generally earn interest at rates based on daily bank deposit rates.

NOTE 4 – TRADE AND NONTRADE RECEIVABLES

This account consists of:

	December 31	
	2021	**2020**
Accounts receivable	888,900	605,300
TOTAL	**888,900**	**605,300**

Accounts receivables are usually settled less than 1 year after billing date and are non-interest bearing.

NOTE 5 – INVENTORIES

This account consists of:

	December 31	
	2021	**2020**
Food supplies and processed inventories	207,841	164,151
Packaging, store and other supplies	44,386	14,640
Novelty items	63,247	-
TOTAL	**315,474**	**178,791**

All inventories are stated of cost, which is lower than its estimated selling price less costs to complete and sell.

The cost of inventories recognized as expense amounted to P11,931,745 and P7,552,827 as at December 31, 2021 and 2020 respectively, and is presented as Cost of Sales in the statements of income (see note 13).

NOTE 6 – PREPAYMENTS

This account consists of:

	December 31	
	2021	**2020**
Prepaid store supplies	188,456	131,500
TOTAL	**188,456**	**131,500**

NOTE 7 – OTHER CURRENT ASSETS

This account consists of:

	December 31	
	2021	2020
Deferred credits – excess MCIT over NIT	160,014	-
TOTAL	**160,014**	-

NOTE 8 – PROPERTY AND EQUIPMENT (NET)

The reconciliation this account is as follows:

2021

	Leasehold and improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2021	9,337,650	8,014,330	2,661,285	20,013,265
Additions				-
December 31, 2021	9,337,650	8,014,330	2,661,285	20,013,265
Accumulated depreciation				
January 1, 2021	2,934,410	2,348,810	675,612	5,958,832
Depreciation	1,000,323	824,643	204,742	2,029,708
December 31, 2021	3,934,733	3,173,453	880,354	7,988,540
Net book value	**5,402,917**	**4,840,877**	**1,780,931**	**12,024,725**

2020

	Leasehold and improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2020	9,337,650	8,014,330	2,661,285	20,013,265
Additions	-	-	-	-
December 31, 2020	9,337,650	8,014,330	2,661,285	20,013,265
Accumulated depreciation				
January 1, 2020	1,934,087	1,524,167	470,870	3,929,124
Depreciation	1,000,323	824,643	204,742	2,029,708
December 31, 2020	2,934,410	2,348,810	675,612	5,958,832
Net book value	**6,403,240**	**5,665,520**	**1,985,673**	**14,054,433**

Depreciation charged to cost of goods sold amounted to P2,029,708 and P2,029,708 as at December 31, 2021 and 2020, respectively.

NOTE 9 – OTHER NONCURRENT ASSETS

This account consists of:

	December 31	
	2021	2020
Security deposits	715,201	618,000
TOTAL	**715,201**	**618,000**

The account pertains to security deposits for operating leases entered by the Company. The security deposits are recoverable from the lessors at the end of the lease term.

NOTE 10 – TRADE AND NONTRADE PAYABLES

This account consists of:

	December 31	
	2021	**2020**
Accounts payables	16,992,910	17,847,103
SSS, HDMF, PHIC and withholding taxes payable	350,655	295,650
Accrued expenses	120,500	150,652
TOTAL	**17,464,065**	**18,293,405**

Accounts payable represents the amount owed to various suppliers on the Company's purchases of raw materials. The average credit period on these payables is less than 1 year.

SSS, HDMF, PHIC and withholding taxes payable are due to government agencies.

NOTE 11 – SHARE CAPITAL

	2021		2020	
	Shares	Amount	Shares	Amount
Authorized capital share – P100 par value per share	10,000	1,000,000	10,000	1,000,000
Issued and subscribed	625	62,500	625	62,500
Treasury shares	-	-	-	-
Issued, subscribed and outstanding	**625**	**62,500**	**625**	**62,500**

Analysis of share capital is shown below:

	Subscribed	Outstanding shares	Treasury shares	Net
Balance at December 31, 2021	625	625	-	625
Balance at December 31, 2020	625	625	-	625

The Company is not exposed to externally imposed capital requirement.

NOTE 12– RETAINED EARNINGS

This account consists of:

	December 31	
	2021	2020
Unappropriated retained earnings at beginning of year	(1,929,637)	33,766
Net loss	(1,176,762)	(1,963,403)
Unappropriated retained earnings at end of year	(3,106,399)	(1,929,637)
Appropriated retained earnings at end of year	1,350,000	1,350,000

BALANCE AT END OF YEAR	**(1,756,399)**	**(579,637)**

Under the Philippine Corporation Code, stock corporations are prohibited from retaining surplus profits in excess of their paid-up capital stock except when justified by any of the reasons mentioned in the Code.

As at December 31, 2021 and 2020, the Company's retained earnings were not in excess of the paid-up capital.

NOTE 13 – COST OF SALES

This account consists of:

	December 31	
	2021	**2020**
Food, packaging, paper and novelties	11,931,745	7,552,827
Royalty	1,589,032	1,637,853
Advertisement	945,967	1,774,270
Supplies	908,651	842,165
Depreciation (see note 9)	2,029,708	2,029,708
Security services	224,652	373,332
Miscellaneous	603,565	426,635
TOTAL	**18,233,320**	**14,636,789**

Details of food supplies, processed inventories, packaging, paper and novelties cost follow:

	December 31	
	2021	**2020**
Inventory, January 1	178,791	409,152
Purchases	12,068,428	7,322,466
Inventory, December 31	(315,474)	(178,791)
TOTAL	**11,931,745**	**7,552,827**

NOTE 14 – OPERATING EXPENSES

This account consists of:

	December 31	
	2021	**2020**
Communication, light and water	976,001	903,105
Insurance	42,098	31,722
Office supplies	160,888	85,576
Rentals (see note 15)	1,402,969	771,605
Repairs and maintenance	99,098	288,319
Salaries, wages and benefits	5,283,413	4,372,174
SSS, Philhealth, HDMF and other contributions	385,864	132,576
Senior citizen discount	300,266	299,187
Taxes and licenses (see note 17)	192,519	192,519
Transportation and travel	35,880	24,781
TOTAL	**8,878,996**	[illegible]

NOTE 15 – OPERATING LEASE AGREEMENTS

The Company leases a commercial space under a long-term lease of 10 years commencing on June 24, 2017. The lease is subject to rent reviews after 10 years. The lease is subject to renewal upon mutual consent of both parties. Monthly rent is also subject to 10% escalation annually.

The minimum lease payments under operating leases recognized as expense during the year amounted to P1,402,969 and P771,605 as at December 31, 2021 and 2020 respectively.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

	December 31	
	2021	2020
No later than 1 year	1,402,969	771,605
Later than 1 year and no later than 5 years	1,402,969	771,605
Later than 5 years	4,208,907	8,392,198

NOTE 16 – INCOME TAXES

On March 26, 2021, the President signed into law the "Corporate Recovery and Tax Incentives for Enterprise Act" or CREATE which seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making it time-bound, targeted and performance based.

Corporate income tax of domestic corporations shall either be 20% or 25%. The 20% rate applies to domestic corporations with a net taxable income not exceeding P5 million AND with total assets not exceeding P100 million. In computing the total assets, the value of the land where the office, plant and equipment are situated during the taxable year is to be excluded.

All other domestic corporations are subject to the 25% corporate income tax rate. Also, MCIT for both domestic and resident foreign corporations have been decreased to 1%.

Section 09 of the Revenue Regulation No 5-2021 provides the mandated rates to be used during the transition period. The current and deferred taxes for financial reporting purposes as of December 31, 2021 are measured using the RCIT/MCIT rate as of December 31, 2021.

The provision for income tax for the years ended December 31 follows:

	December 31	
	2021	2020
Current	-	-
Deferred	(294,190)	(841,459)
INCOME TAX EXPENSE	(294,190)	(841,459)

The components of the Company's deferred tax assets are as follows:

	December 31	
	2021	2020
Beginning of year	927,392	-
Add (deduct):		
NOLCO	294,190	841,459
Excess MCIT	(85,933)	85,933
END OF YEAR	1,135,649	927,392

Details of NOLCO, which can be applied as a deduction in the succeeding years, are as follow:

Year incurred	Year of expiry	2020	Additions	Applied/ Expired	2021
2020	2026	2,804,862	-	-	2,804,862

2021	2027	-	1,470,952	-	1,470,952

Details of MCIT are as follow:

Year incurred	Year of expiry	2020	Additions	Applied/ Expired	2021
2020	2024	85,934	-	-	85,934
2021	2025	-	74,080	-	74,080

NOTE 17 – SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE (BIR)

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

	2021	2020
Gross sales of goods	24,140,033	17,437,557
Less: VAT exempt sales	1,501,332	1,495,933
Net-vatable sale of goods	22,638,701	15,941,624
Output VAT, December 31	2,716,644	1,912,995

Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

	2021	2020
Current year's domestic purchases/payments		
Goods for resale or further processing	1,431,809	906,339
Goods other than for resale	997,402	768,284
Total Input reported in VAT returns	(2,429,211)	(1,674,623)
Input VAT, December 31	-	-

All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

	2021	2020
Business taxes, licenses and permits	178,519	178,519
Community tax certificate	10,500	10,500
Other taxes and licenses	3,500	3,500
Total other taxes and licenses paid for the year	192,519	192,519

Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

	2021	2020
Tax on compensation and benefits	[illegible]	-
Creditable withholding taxes	250,566	146,315
Final withholding taxes	317,806	327,571
Total withholding taxes for the year	568,372	473,886

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Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2021 and 2020.

Excise tax

The Company has no productions of goods for domestic sales or importation subject to excise taxes for the years ended December 31, 2021 and 2020. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2021 and 2020.

Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

NOTE 18 – OTHER MATTERS

Impact of COVID-19 pandemic

A novel coronavirus outbreak was first identified in Wuhan, Hubei Province, China, in December 2019. On February 11, 2020, the World Health Organization proclaimed an official name for the disease as COVID-19. The COVID-19 coronavirus pandemic has rapidly spread throughout the world in 2020. The President of the Philippines issued a state of calamity throughout the Philippine archipelago due to the COVID-19 pandemic and addresses this issue to contain the spread of the virus by the imposition of community quarantines, social distancing, suspension of classes, restriction of mass public transport system, suspension of land, domestic air and domestic sea travel to and from different cities and provinces, and closure of non-essential services, among others.

The various measures imposed by the Philippine government and those that will be additionally implemented as a result of the COVID-19 pandemic have but may not further adversely affect the Company's financial position, results of operations and cash flows in the current reporting period. The degree to which the virus outbreak affects the Company's financial position and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

The management plans to provide continuous financial support to pay its debt as and when they fall due. At present, it is believed that the virus outbreak are non-adjusting subsequent events. Therefore, the statements of financial position as at December 31, 2021 and 2020 and statements of income for the years ended December 31, 2021 and 2020 have not been adjusted to reflect the impact of the pandemic. Although it is not certain that this effort will be successful, management has determined that the action that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

Going Concern Uncertainty

There is uncertainty in the Company's capability to continue as a going concern due to capital deficiency as at December 31, 2021 and 2020 amounting to P1,693,899 and P517,137, respectively.

These financial statements are prepared on a going concern basis because the management have undertaken to provide continuing financial support so that the company is able to pay its debt as and when they fall due.

METRO CITY CHOW FOODS CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

	December 31			
		2021		2020
UNAPPROPRIATED RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION, BEGINNING	Ps.	(1,929,637)	Ps.	33,766
NET INCOME ACTUALLY EARNED / REALIZED DURING THE PERIOD				
Reacquisition of shares		-		-
Net income during the period closed to retained earnings		(1,176,762)		(1,963,403)
Non-actual/Unrealized income of tax				
Equity in income of associate/joint venture		-		-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents		-		-
Changes in revaluation increment earned through additional depreciation charge		-		-
Deferred income tax pertaining to property sold		-		-
Unrealized actuarial gain		-		-
Fair value adjustment (M2M gains)		-		-
Fair value adjustment of property resulting to gain		-		-
Adjustment due to deviation from PFRS / GAAP gain		-		-
Other unrealized gains or adjustment to the retained earnings as a result of certain transactions accounted for under PFRS		-		-
Total Non-Actual/Unrealized Income Net of Tax		(1,176,762)		(1,963,403)
Non-actual losses				
Depreciation on revaluation increment (after tax)		-		-
Adjustment due to deviation from PFRS / GAAP - loss		-		-
Loss on fair value adjustment of investment property (after tax)		-		-
Net income actually earned during the period		(1,176,762)		(1,963,403)
TOTAL UNAPPROPRIATED RETAINED EARNINGS		(3,106,399)		(1,929,637)
Dividend declarations during the period		-		-
Appropriations of retained earnings during the period		-		-
Reversals of appropriations		-		-
Effects of prior period adjustments		-		-
Treasury shares		-		-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDENDS	Ps.	(3,106,399)	Ps.	(1,929,637)
Appropriated per financial statements	Ps.	1,350,000	Ps.	1,350,000
Less appropriation for dividends				
Adjusted appropriated retained earnings		1,350,000		1,350,000
Unappropriated per financial statements		(3,106,399)		(1,929,637)
Add appropriation for dividends				
Adjusted unappropriated retained earnings available for dividends		(3,106,399)		(1,929,637)
TOTAL RETAINED EARNINGS PER FINANCIAL STATEMENTS	Ps.	(1,756,399)	Ps.	(579,637)

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
Unit 6 Dakudao Building,
Gov. Duterte Street,
Davao City, Philippines

Telephone: (082) 221-9069
Fax: (6382) 221-9069
Email: jqelises@yahoo.com

THELMA S. CIUDADANO
3rd Flr. JRT Building,
104 V. Ilustre Street,
Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

We have audited the financial statements of **METRO CITY CHOW FOODS CORPORATION** (the "Company") for the year ended December 31, 2021, on which we have rendered the attached report dated March 25, 2022.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the said Company has a total number of two (2) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

Davao City, Philippines
March 25, 2022

E&C Elises & Ciudadano
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STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

We, the appointed independent auditor of **METRO CITY CHOW FOODS CORPORATION** (the "Company"), do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 17 of the Notes to Financial Statements.

ELISES & CIUDADANO
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By:

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Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

Davao City, Philippines
March 25, 2022

SECURITIES AND EXCHANGE COMMISSION
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REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY EIGHT (28) page (s).

Verified by: ______________ dated APRIL-10 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "IIIIIII"

Securities and Exchange Commission
PHILIPPINES

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 201617466

Company Name
METRO CITY CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)
BELEJ BUILDING SAN PEDRO
STREET DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	N A	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jb_jtcdvoacctg@yahoo.com	082-2245068	09776580873

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	May 31	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gerlie S. Dela Cruz	jtc.acc0unting@gmail.com	082-2245068	09165226537

Contact Person's Address
3F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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to JTC.AACOUNTING, JTC.ACCOUNTING

Apr 2

Hi METRO CITY CHOW FOODS CORPORATION,

Valid files

- EAFS009370554ITRTY122022.pdf
- EAFS009370554AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-NSXQZ1V10AEKA9KA7NWSZTVSZ03M3R3VRY**
Submission Date/Time: **Apr 25, 2023 03:10 PM**
Company TIN: **009-370-554**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authenti
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or

This is a system-generated e-mail. Please do not reply.

DISCLAIMER

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

Securities and Exchange Commission
PHILIPPINES

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2022 and 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2022 and 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of **METRO CITY CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **METRO CITY CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
Chairman of the Board

JAIME T. CRUZ
President & Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

Signed this 13 APR 2023 day of ________, 2023

13 APR 2023

SUBSCRIBED AND SWORN to before me this ________ at Davao City Philippin[illegible] [illegible]es) above who [illegible] personally [illegible] to me or exhibited [illegible] [illegible]t evidence of identity [illegible] and signature first written [illegible] name.

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Page No. 124
Book No. 2023
Series of ________

ATTY. RALPH JAMES G. LAMAN
Notary Public for Davao City
until December 31, 2023
Commission Serial No. 2022-069-2023
Issued on April 12, 2022
Roll No. 62810
IBP No. 252022 - 12-20-2022
PTR No. 7724072 - 12-19-2022
MCLE Compliance No. VII-0014990
Issued on April 06, 2022 at Pasig City, Philippines

THIS IS A SYSTEM GENERATED COPY OF THE DOCUMENT FROM THE OFFICIAL DATABASE OF THE SEC
SIGNATURE NOT REQUIRED

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number: 009-370-554

Securities and Exchange Commission
PHILIPPINES

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

CLARITO, TAN AND ASSOCIATES, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

JAIME T. CRUZ
Chairman of the Board

JAIME T. CRUZ
President & Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

Signed this 13 APR 2023 day of __________, 2023

SUBSCRIBED AND SWORN to before me this 13 APR 2023 at Davao City Philippines [redacted]ies) above who is personally known to me or exhibited ent evidence of identity with photograph and signature first written above his/her name.

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

Opinion

We have audited the financial statements of **METRO CITY CHOW FOODS CORPORATION**, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position **METRO CITY CHOW FOODS CORPORATION** as at December 31, 2022 and 2021, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

We draw attention to Note 18 to the financial statements which indicates the Company's ability to continue as a going concern as it suffered capital deficiency amounting to P2,600,829 and P1,693,899 as at December 31, 2022 and 2021, respectively. The management's plans in response to these events and circumstances are also discussed in Note 18 to the financial statements. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Securities and Exchange Commission PHILIPPINES

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Such information is the responsibility of the management of **METRO CITY CHOW FOODS CORPORATION**. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 7872922C (January 5, 2023)

March 28, 2023
Davao City, Philippines

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)

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STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **METRO CITY CHOW FODDS CORPORATION** covering the period January 1, 2022 to December 31, 2022 that are herewith submitted to the Securities and Exchange Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);

2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;

3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;

4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;

5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and

6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make this representation in my individual capacity and as a partner in the accounting firm of **ELISES & CIUDADANO (A Professional Firm of Certified Public Accountants).**

ELISES & CIUDADANO
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TIN: 912-933-298
PTR No. 7872922C (January 5, 2023)

March 28, 2023
Davao City, Philippines

METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Notes	As of December 31 2022	2021
ASSETS			
CURRENT ASSETS			
Cash	3	Ps. 314,586	Ps. 386,575
Trade and nontrade receivables	4	561,750	888,900
Inventory	5	420,244	315,474
Prepayments	6	194,456	188,456
Other current assets	7	267,850	160,014
Total Current Assets		**1,758,886**	**1,939,419**
NON-CURRENT ASSETS			
Property and equipment, net	8	11,423,920	12,024,725
Deferred tax asset	16	1,362,381	1,135,649
Other noncurrent assets	9	715,201	715,201
Total Non-Current Assets		**13,501,502**	**13,875,575**
TOTAL ASSETS		**Ps. 15,260,388**	**Ps. 15,814,994**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and nontrade payables	10	Ps. 17,762,827	Ps. 17,464,065
Income tax payable	16	98,390	44,828
Total Current Liabilities		**17,861,217**	**17,508,893**
SHAREHOLDERS' EQUITY			
(Authorized share capital 10,000 shares @ P100.00 par value per share, P1,000,000)			
Subscribed & Paid	11	62,500	62,500
Retained earnings	12	(2,663,329)	(1,756,399)
Total Capital Deficiency		**(2,600,829)**	**(1,693,899)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**Ps. 15,260,388**	**Ps. 15,814,994**

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF INCOME

	Notes	Years Ended December 31 2022	2021
Revenues		Ps. 34,897,904	Ps. 25,641,365
Cost of Services	13	24,114,292	18,233,320
Gross Profit		10,783,612	7,408,045
Operating Expenses	14	11,917,274	8,878,997
Net Loss before Tax		(1,133,662)	(1,470,952)
Provision for Income Tax			
Current		-	-
Deferred	16	(226,732)	(294,190)
Net Loss		**Ps. (906,930)**	**Ps. (1,176,762)**

METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	Ps. (906,930)	Ps. (1,176,762)
Adjustments for:		
Depreciation	2,029,708	2,029,708
Operating income before working capital changes	1,122,778	852,946
Decreases (increases) in:		
Trade and nontrade receivables	327,150	(283,600)
Inventories	(104,770)	(136,683)
Prepayments	(6,000)	(56,956)
Other current assets	(107,836)	(160,014)
Deferred tax asset	(226,732)	(208,256)
Increases (decreases) in:		
Trade and nontrade payables	298,762	(829,340)
Income tax payable	53,562	(24,598)
Net Cash Provided (Used) In Operating Activities	**1,356,914**	**(846,501)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Fixed Asset	(1,428,903.00)	
Security deposits paid	-	(97,201)
Net Cash Used In Investing Activities	**(1,428,903)**	**(97,201)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	-
Net Cash Provided (Used) In Financing Activities	-	-
NET DECREASE IN CASH	(71,989)	(943,702)
CASH BALANCE, BEGINNING	386,575	1,330,277
CASH BALANCE, END	**Ps. 314,586**	**Ps. 386,575**
	-	-

METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31,2022 and 2021

	Subscribed and Paid	Retained Earnings	Total
Balance at January 1, 2021	Ps. 62,500	Ps. (579,637)	Ps. (517,137)
Net loss		(1,176,762)	(1,176,762)
Balance at December 31, 2021	**Ps. 62,500**	**Ps. (1,756,399)**	**Ps. (1,693,899)**
Balance at January 1, 2022	Ps. 62,500	Ps. (1,756,399)	Ps. (1,693,899)
Net loss		(906,930)	(906,930)
Balance at December 31, 2022	**Ps. 62,500**	**Ps. (2,663,329)**	**Ps. (2,600,829)**

METRO CITY CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - CORPORATE INFORMATION

Metro City Chow Foods Corporation (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on August 4, 2016 to establish, operate and maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at Cor San Pedro and City Hall Drive, Davao City.

The financial statements were approved by the Board of Directors and authorized for issue on March 28, 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

The significant accounting and financial reporting policies applied in the preparation of financial statements are set forth to facilitate the understanding of data presented in the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a.) Statement of Compliance and Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the "Framework") as approved by the Financial Reporting Standards Council, Board of Accountancy, and Securities and Exchange Commission (SEC). The principal accounting policies adopted in the preparation of these financial statements are set in this note.

The financial statements have been prepared using the measurement bases specified by the PFRS for SEs for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost convention and presented in Philippine peso, except otherwise stated, and are drawn up in accordance with the provisions of the PFRS for SEs.

b.) Financial Assets and Financial Liabilities

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basis financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and cash equivalents, trade and nontrade receivables borrowings, trade and nontrade payables. The Company does not have complex financial instruments.

Basic financial instruments

Initial measurement

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Company's debt financial instrument is subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at asset's original effective interest rate.

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Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

c.) Cash

Cash included cash on hand and savings and demand deposits that are unrestricted and readily available for use in the Company's operations and generally earn interest based on daily bank deposit rates.

d.) Trade and nontrade receivables

Trade and nontrade receivables are recognized initially at the transaction price plus transaction cost. They are subsequently measured at amortized cost using the effective interest method less allowance for impairment losses. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and nontrade receivables expected to be realized within one year after the reporting date or within the Company's normal operating cycle are classified as current assets in the statement of financial position. Otherwise, these are classified as noncurrent assets.

These are derecognized when the rights to receive cash flows from the receivables have expired, or if the Company has transferred its rights to receive cash flows from the receivables.

e.) Inventories

Inventories are assets which are held for sale in the ordinary course of business are recognized initially at cost. Subsequently, these are stated at the lower of cost and market value. Cost is determined using the first-in, first-out (FIFO) method.

Costs are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss. Market value is determined as the probable selling price to willing buyers as of reporting date. The Company makes an assessment of market value at each subsequent reporting date. A reversal of impairment is recognized when the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in market value. Any impairment reversal is recognized in profit or loss, but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of inventories is recognized as an expense in the period in which the related revenue is recognized.

f.) Prepayments

Prepayments are expenses paid in cash and recorded as assets before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption. Prepayments includes insurance, rent, repairs, supplies, and the like.

g.) Other current assets

Other current assets include the current portion of deposits on leasehold, and deferred credits (such as excess MCIT, excess creditable withholding taxes, quarterly income tax).

h.) Property and equipment

Property and equipment are initially recognized at cost. Cost includes purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, plus expenditures that are directly attributable to brining the asset to its present location and condition necessary for it to be capable of operating in the manner intended by the management.

After initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights and improvements	3 – 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected to arise from the continued use of the asset. When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income or expense in the statement of income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

i.) Impairment of non-financial assets

Assets that are subject to depreciation, are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is an indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, asses are grouped at the lowest levels for which they are separately identifiable as cash flows. The impairment loss shall be recognized in profit or loss.

Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. If the estimated recoverable amount of the asset exceeds its carrying amount, the carrying amount is increased to recoverable amount. The reversal of an impairment loss shall not increase the carrying amount of the asset above the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j.) Other noncurrent assets

Other non-current assets include the non-current portion of deposits on leasehold.

k.) Trade and nontrade payables

Trade and nontrade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

The Company's trade and nontrade payables include accounts payable, advances from customers, due to government agencies, accrued interest and accrued expenses.

These are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

l.) Employee benefits

Short-term benefits

Employee entitlements to salaries and wages, annual vacation, and other benefits are recognized when they are accrued to employees. Annual vacation and other leaves have been calculated on an actual entitlement basis at current rates of pay. Unpaid benefits at the end of the reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments.

Post-employment obligations

The Company maintains a defined contribution plan for its regular employees. Under the plan, the Company pays a fixed contribution to a publicly administered pension entity. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets/fund to pay all employees the benefits relating to employee service in the current and prior periods. However, Management has set up yearly appropriation based on certain percentage of net profit after tax to take care of future deficit. The contributions are recognized as employee benefit expense when they are due.

The Company employs less than ten (10) employees and, therefore, is not covered under Republic Act (RA) No. 7641 (The Philippine Retirement Pay Law), which provides for defined benefit minimum guarantee equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service. The benefits due under RA No. 7641 are required to be accounted for as defined benefit plan under PAS 19 (Revised), “Employee Benefits”.

m.) Equity instrument

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on present value basis.

Share capital and share premium

Share capital is measured at par value for all shares issued. Any amount received by the Company in excess of par value of its shares is credited to share premium. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings consist of accumulated profits less any amounts distributed to the shareholders.

Cash dividend distribution

Cash dividends to shareholders are recognized as a liability and deducted from equity when approved by the Company’s Board of Directors.

n.) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company concluded that it is acting as a principal in all its revenue arrangements.

PFRS 15, ‘Revenue From Contracts with Customers’, establishes five-step model (identify the contract, identify separate performance obligations, determine the transaction price, allocate transaction price to performance obligations and recognize revenue as or when each performance obligation is satisfied) to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also requires the Company to exercise judgement facts and circumstances when applying each step of the model and specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to a fulfilling a contract.

Revenue comprises the fair value of the consideration received for the sale of goods in the ordinary course of the Company’s activities.

The Company recognizes revenue when it is probable that future economic benefits will flow to the Company, the amount of revenue can be reliably measured and specific criteria have been met for each of the Company's activities.

o.) Expense recognition

Expenses are recognized in the statement of income upon utilization of goods and services or at the date such expenses are incurred, determined a.) on the basis of direct association between the expenses incurred and the earning of specific items of revenue; b.) on the basis of systematic and rational allocation produces when economic benefits are expected to arise over several reporting periods and association can only be broadly or indirectly determined; or, c.) immediately when expenditure procedures no future economic benefits or when, and to the extent that future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial statement position as an asset.

p.) Leases – Company as lessee

The Company shall recognize all lease payments as expense in the statements of income in the period in which they are incurred.

q.) Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

Current Tax

The tax currently payable is based on taxable income for the year. Taxable income differs from the profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the end of the reporting period.

Deferred Income Tax

Deferred income tax is provided using the balance sheet-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the temporary differences (principally relating to provisions for receivable impairment and unearned interest and discounts) between financial reporting bases of assets and liabilities and their related tax bases.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The rates enacted at the end of the reporting period are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability.

Current and Deferred Tax for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items recognized in profit or loss or directly in equity. In this case, the tax is also recognized in profit or loss or directly in equity, respectively.

The Company establishes liabilities for probable and estimable assessments by the Bureau of Internal revenue (BIR) resulting from any known tax exposures. Estimates represent a reasonable provision for taxes ultimately expected to be paid and may need to be adjusted over time as more information becomes available.

r.) Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

In those cases, where the possible outflow of economic resource as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that the developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

s.) Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

t.) Rounding of Amounts

All amount disclosed in the financial statements and notes have been rounded off to the nearest peso, unless otherwise indicated.

u.) Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

v.) Comparatives

Where necessary, comparative figures have been reclassified as required by relevant standards.

NOTE 3 - CASH

This account consists of:

	December 31	
	2022	**2021**
Cash on hand	54,000	54,000
Cash in bank	260,586	332,575
TOTAL	**314,586**	**386,575**

Cash in banks generally earn interest at rates based on daily bank deposit rates.

NOTE 4 – TRADE AND NONTRADE RECEIVABLES

This account consists of:

	December 31	
	2022	2021
Accounts receivable	561,750	888,900

TOTAL	**561,750**	**888,900**

Accounts receivables are usually settled less than 1 year after billing date and are non-interest bearing.

NOTE 5 – INVENTORIES

This account consists of:

	December 31	
	2022	**2021**
Food supplies and processed inventories	207,841	207,841
Packaging, store and other supplies	44,386	44,386
Novelty items	63,247	63,247
TOTAL	**420,244**	**315,474**

All inventories are stated of cost, which is lower than its estimated selling price less costs to complete and sell.

The cost of inventories recognized as expense amounted to P16,330,046 and P11,931,745 as at December 31, 2022 and 2021 respectively, and is presented as Cost of Sales in the statements of income (see note 13).

NOTE 6 – PREPAYMENTS

This account consists of:

	December 31	
	2022	**2021**
Prepaid store supplies	194,456	188,456
TOTAL	**194,456**	**188,456**

NOTE 7 – OTHER CURRENT ASSETS

This account consists of:

	December 31	
	2022	**2021**
Deferred credits – excess MCIT over NIT	267,850	160,014
TOTAL	**267,850**	**160,014**

NOTE 8 – PROPERTY AND EQUIPMENT (NET)

The reconciliation this account is as follows:

2022

	Leasehold and improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2022	9,337,650	8,014,330	2,661,285	20,013,265
Additions	-	1,428,903	-	1,428,903
December 31, 2022	9,337,650	9,443,233	2,661,285	21,442,168
Accumulated depreciation				
January 1, 2022	3,934,733	3,173,453	880,354	7,988,540
Depreciation	1,000,323	824,643	204,742	2,029,708
December 31, 2022	4,935,056	3,998,096	1,085,096	10,018,248
Net book value	**4,402,594**	**5,445,137**	**1,576,189**	**11,423,920**

2021

	Leasehold and improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2021	9,337,650	8,014,330	2,661,285	20,013,265
Additions	-	-	-	-
December 31, 2021	9,337,650	8,014,330	2,661,285	20,013,265
Accumulated depreciation				
January 1, 2021	2,934,410	2,348,810	675,612	5,958,832
Depreciation	1,000,323	824,643	204,742	2,029,708
December 31, 2021	3,934,733	3,173,453	880,354	7,988,540
Net book value	**5,402,917**	**4,840,877**	**1,780,931**	**12,024,725**

Depreciation charged to cost of goods sold amounted to P2,029,708 and P2,029,708 as at December 31, 2022 and 2021, respectively.

NOTE 9 – OTHER NONCURRENT ASSETS

This account consists of:

	December 31	
	2022	**2021**
Security deposits	715,201	715,201
TOTAL	**715,201**	**715,201**

The account pertains to security deposits for operating leases entered by the Company. The security deposits are recoverable from the lessors at the end of the lease term.

NOTE 10 – TRADE AND NONTRADE PAYABLES

This account consists of:

	December 31 2022	 2021
Accounts payables	17,296,331	16,992,910
SSS, HDMF, PHIC and withholding taxes payable	334,869	350,655
Accrued expenses	131,627	120,500
TOTAL	**17,762,827**	**17,464,065**

Accounts payable represents the amount owed to various suppliers on the Company's purchases of raw materials. The average credit period on these payables is less than 1 year.

SSS, HDMF, PHIC and withholding taxes payable are due to government agencies.

NOTE 11 – SHARE CAPITAL

	2022 Shares	2021 Shares
Authorized capital share – P100 par value per share	10,000	10,000
Issued and subscribed	625	625
Treasury shares	-	-
Issued, subscribed and outstanding	**625**	**625**

Analysis of share capital is shown below:

	Subscribed	Outstanding shares	Treasury shares	Net
Balance at December 31, 2022	625	625	-	625
Balance at December 31, 2021	625	625	-	625

The Company is not exposed to externally imposed capital requirement.

NOTE 12 – RETAINED EARNINGS

This account consists of:

	December 31 2022	 2021
Unappropriated retained earnings at beginning of year	(3,106,399)	(1,929,637)
Reversal of appropriations	1,350,000	
Net loss	(906,930)	(1,176,762)
Unappropriated retained earnings at end of year	(2,663,329)	(3,106,399)
Appropriated retained earnings at end of year	-	1,350,000
BALANCE AT END OF YEAR	**(2,663,329)**	**(1,756,399)**

Under the Philippine Corporation Code, stock corporations are prohibited from retaining surplus profits in excess of their paid-up capital stock except when justified by any of the reasons mentioned in the Code.

As at December 31, 2022 and 2021, the Company's retained earnings were not in excess of the paid-up capital.

NOTE 13 – COST OF SERVICES

This account consists of:

	December 31	
	2022	2021
Food, packaging, paper and novelties	16,330,046	11,931,745
Royalty	2,006,487	1,589,032
Advertisement	982,967	945,967
Supplies	1,026,688	908,651
Depreciation (see note 8)	2,029,708	2,029,708
Security services	444,400	224,652
Miscellaneous	1,293,996	603,565
TOTAL	**24,114,292**	**18,233,320**

Details of food supplies, processed inventories, packaging, paper and novelties cost follow:

	December 31	
	2022	2021
Inventory, January 1	315,474	178,791
Purchases	16,434,816	12,068,428
Inventory, December 31	(420,244)	(315,474)
TOTAL	**16,330,046**	**11,931,745**

NOTE 14 – OPERATING EXPENSES

This account consists of:

	December 31	
	2022	2021
Communication, light and water	1,622,214	976,001
Insurance	22,238	42,098
Office supplies	185,040	160,888
Rentals (see note 15)	2,918,245	1,402,969
Repairs and maintenance	262,221	99,098
Salaries, wages and benefits	6,155,076	5,283,413
SSS, Philhealth, HDMF and other contributions	-	385,864
Senior citizen discount	517,721	300,266
Taxes and licenses (see note 17)	208,706	192,519
Transportation and travel	25,813	35,880
TOTAL	**11,917,274**	**8,878,996**

NOTE 15 – OPERATING LEASE AGREEMENTS

The Company leases a commercial space under a long-term lease of 10 years commencing on June 24, 2017. The lease is subject to rent reviews after 10 years. The lease is subject to renewal upon mutual consent of both parties. Monthly rent is also subject to 10% escalation annually.

The minimum lease payments under operating leases recognized as expense during the year amounted to P2,918,245 and P1,402,969 as at December 31, 2022 and 2021 respectively.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

	December 31	
	2022	**2021**
No later than 1 year	2,918,245	1,402,969
Later than 1 year and no later than 5 years	-	1,402,969
Later than 5 years	-	4,208,907

NOTE 16 – INCOME TAXES

On March 26, 2021, the President signed into law the "Corporate Recovery and Tax Incentives for Enterprise Act" or CREATE which seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making it time-bound, targeted and performance based.

Corporate income tax of domestic corporations shall either be 20% or 25%. The 20% rate applies to domestic corporations with a net taxable income not exceeding P5 million AND with total assets not exceeding P100 million. In computing the total assets, the value of the land where the office, plant and equipment are situated during the taxable year is to be excluded.

All other domestic corporations are subject to the 25% corporate income tax rate. Also, MCIT for both domestic and resident foreign corporations have been decreased to 1%.

Section 09 of the Revenue Regulation No 5-2021 provides the mandated rates to be used during the transition period. The current and deferred taxes for financial reporting purposes as of December 31, 2022 are measured using the RCIT/MCIT rate as of December 31, 2022.

The provision for income tax for the years ended December 31 follows:

	December 31	
	2022	**2021**
Current	-	-
Deferred	(226,732)	(294,190)
INCOME TAX EXPENSE	**(226,732)**	**(294,190)**

The components of the Company's deferred tax assets are as follows:

	December 31	
	2022	**2021**
Beginning of year	1,135,649	927,392
Add (deduct):		
NOLCO	226,732	294,190
Excess MCIT	-	(85,933)
END OF YEAR	**1,362,381**	**1,135,649**

Details of NOLCO pursuant to BIR RR No. 14-01, which can be applied as a deduction in the succeeding three years, are as follow:

Year incurred	**Year of expiry**	**2021**	**Additions**	**Applied/ Expired**	**2022**
2022	2025	-	1,133,662	-	1,133,662

In addition, BIR RR No. 25-2020 on rules and regulations implementing Sec. 4(bbbb) of RA No. 11494, otherwise known as the "Bayanihan to Recover as One Act" relative to NOLCO incurred by businesses or enterprises for taxable years 2020 and 2021 can be applied as a deduction in the succeeding five years.

Year incurred	Year of expiry	2021	Additions	Applied/ Expired	2022
2020	2025	2,804,862	-	-	2,804,862
2021	2026	1,470,952	-	-	1,470,952

Details of MCIT are as follow:

Year incurred	Year of expiry	2021	Additions	Applied/ Expired	2022
2020	2023	85,934	-	-	85,934
2021	2024	74,080		-	74,080
2022	2025	107,836	107,836		107,836

NOTE 17 – SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE (BIR)

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

	2022	2021
Gross sales of goods	34,897,903	25,641,365
Less: VAT exempt sales	2,588,607	1,501,332
Net-vatable sale of goods	32,309,296	24,140,033
Output VAT, December 31	3,877,116	2,896,804

Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

	2022	2021
Current year's domestic purchases/payments		
Goods for resale or further processing	2,441,543	1,431,809
Goods other than for resale	1,176,382	997,402
Total Input reported in VAT returns	(3,617,925)	(2,429,211)
Input VAT, December 31	-	-

All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

	2022	2021
Business taxes, licenses and permits	193,531	178,519
Community tax certificate	10,500	10,500
Other taxes and licenses	4,675	3,500
Total other taxes and licenses paid for the year	208,706	192,519

Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

	2022	2021
Tax on compensation and benefits		
Creditable withholding taxes	337,576	250,566

Final withholding taxes	401,297	317,806
Total withholding taxes for the year	738,873	568,372

Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2022 and 2021.

Excise tax

The Company has no productions of goods for domestic sales or importation subject to excise taxes for the years ended December 31, 2022 and 2021. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2022 and 2021.

Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

NOTE 18 – OTHER MATTERS

Going Concern Uncertainty

There is uncertainty in the Company's capability to continue as a going concern due to capital deficiency as at December 31, 2022 and 2021 amounting to P2,600,829 and P1,693,899, respectively.

These financial statements are prepared on a going concern basis because the management have undertaken to provide continuing financial support so that the company is able to pay its debt as and when they fall due.

METRO CITY CHOW FOODS CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

	December 31	
	2022	2021
UNAPPROPRIATED RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION, BEGINNING	Ps. (3,106,399)	Ps. (1,929,637)
NET INCOME ACTUALLY EARNED / REALIZED DURING THE PERIOD		
Reacquisition of shares	-	-
Net income during the period closed to retained earnings	(906,930)	(1,176,762)
Non-actual/Unrealized income of tax		
Equity in income of associate/joint venture	-	-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents	-	-
Changes in revaluation increment earned through additional depreciation charge	-	-
Deferred income tax pertaining to property sold	-	-
Unrealized actuarial gain	-	-
Fair value adjustment (M2M gains)	-	-
Fair value adjustment of property resulting to gain	-	-
Adjustment due to deviation from PFRS / GAAP gain	-	-
Other unrealized gains or adjustment to the retained earnings as a result of certain transactions accounted for under PFRS	-	-
Total Non-Actual/Unrealized Income Net of Tax	(906,930)	(1,176,762)
Non-actual losses		
Depreciation on revaluation increment (after tax)	-	-
Adjustment due to deviation from PFRS / GAAP - loss	-	-
Loss on fair value adjustment of investment property (after tax)	-	-
Net income actually earned during the period	(906,930)	(1,176,762)
TOTAL UNAPPROPRIATED RETAINED EARNINGS	(4,013,329)	(3,106,399)
Dividend declarations during the period	-	-
Appropriations of retained earnings during the period	-	-
Reversals of appropriations	1,350,000	-
Effects of prior period adjustments	-	-
Treasury shares	-	-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDENDS	Ps. (2,663,329)	Ps. (3,106,399)
Appropriated per financial statements	Ps. -	Ps. 1,350,000
Less appropriation for dividends		
Adjusted appropriated retained earnings	-	1,350,000
Unappropriated per financial statements	(2,663,329)	(3,106,399)
Add appropriation for dividends		
Adjusted unappropriated retained earnings available for dividends	(2,663,329)	(3,106,399)
TOTAL RETAINED EARNINGS PER FINANCIAL STATEMENTS	Ps. (2,663,329)	Ps. (1,756,399)

Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)

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"Dedicated to Excellence and Quality Service"

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

We have audited the financial statements of **METRO CITY CHOW FOODS CORPORATION** (the "Company") for the year ended December 31, 2022, on which we have rendered the attached report dated March 28, 2023.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the said Company has a total number of two (2) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 7872922C (January 5, 2023)

March 28, 2023
Davao City, Philippines

E&C Elises & Ciudadano
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STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

We, the appointed independent auditor of **METRO CITY CHOW FOODS CORPORATION** (the "Company"), do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 17 of the Notes to Financial Statements.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
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By:

JUAN C. FRIVALDO
Partner
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BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 7872922C (January 5, 2023)

March 28, 2023
Davao City, Philippines

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 20 26

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY NINE (29) page (s).

Verified by: ____________ dated APRIL-10 20 26

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "JJJJJJJ"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 201617466

Company Name
METRO CITY CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)
BELEJ BUILDING SAN PEDRO
STREET DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	N A	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jb_jtcdvoacctg@yahoo.com	082-2245068	09776580873

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	May 31	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gerlie S. Dela Cruz	jtc.acc0unting@gmail.com	082-2245068	09165226537

Contact Person's Address
3F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION
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METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number:009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2023 and 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2023 and 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of **METRO CITY CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **METRO CITY CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
President/Chairman of the Board

RICCI EVETTE L. CRUZ
Chief Financial Officer

Signed this 18 APR 2024 day of __________, 2024.

DOC. NO. 07
PAGE NO. 07
BOOK NO. XIV

ATTY. [illegible] MAX LU LABANON, RN
Notary Public for Davao City
Roll of Attorneys No. 82238
Commission No. 2024-023-2025
Until December 31, 2025
IBP No. 332979 • 12/21/2023
PTR No. 9299459C • 12/21/2023

Securities and Exchange Commission
PHILIPPINES

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number:009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

JUAN C. FRIVALDO, CPA, MBA, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chairman of the Board:	**JAIME T. CRUZ** *Signature over printed name*
Chief financial Officer:	**RICCI EVETTE L. CRUZ** *Signature over printed name*

18 APR 2024
Signed this ________ day of ________, 2024.

DOC. NO. 06
PAGE NO. 09
BOOK NO. XXV

SECURITIES AND EXCHANGE COMMISSION
CERTIFIED TRUE COPY
Page: 5 of 29 pages
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C F R D - C R M D

ATTY. KARL MAX LU LABANON, RN
Notary Public for Davao City
Roll of Attorneys No. 82238
Commission No. 2024-023-2025
Until December 31, 2025
IBP No. 332979 • 12/21/2023
PTR No. 9299459C • 12/21/2023
MCLE Compliance:Admitted May 28, 20

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

Opinion

We have audited the financial statements of **METRO CITY CHOW FOODS CORPORATION**, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position **METRO CITY CHOW FOODS CORPORATION** as at December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

We draw attention to Note 18 to the financial statements which indicates the Company's ability to continue as a going concern as it suffered capital deficiency amounting to P3,176,717 and P2,600,829 as at December 31, 2023 and 2022, respectively. The management's plans in response to these events and circumstances are also discussed in Note 18 to the financial statements. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Such information is the responsibility of the management of **METRO CITY CHOW FOODS CORPORATION**. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ELISES & CIUDADANO
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SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (November 03, 2024)
BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 9052194C (January 8, 2024)

Davao City, Philippines
March 28, 2024

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Notes		As of December 31 2023		2022
ASSETS					
CURRENT ASSETS					
Cash	3	Ps.	439,075	Ps.	314,586
Trade receivables	4		604,960		561,750
Inventory	5		358,627		420,244
Prepayments	6		149,865		194,456
Other current assets	7		312,513		267,850
Total Current Assets			**1,865,040**		**1,758,886**
NON-CURRENT ASSETS					
Property and equipment, net	8		11,539,737		11,423,920
Deferred tax asset	16		1,459,537		1,362,381
Other noncurrent assets	9		715,201		715,201
Total Non-Current Assets			**13,714,475**		**13,501,502**
TOTAL ASSETS		**Ps.**	**15,579,515**	**Ps.**	**15,260,388**
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and nontrade payables	10	Ps.	18,625,635	Ps.	17,762,827
Income tax payable	16		130,597		98,390
Total Current Liabilities			**18,756,232**		**17,861,217**
SHAREHOLDERS' EQUITY					
(Authorized share capital 10,000 shares @ P100.00 par value per share, P1,000,000)					
Subscribed & Paid	11		62,500		62,500
Retained earnings	12		(3,239,217)		(2,663,329)
Total Capital Deficiency			**(3,176,717)**		**(2,600,829)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**Ps.**	**15,579,515**	**Ps.**	**15,260,388**

METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF INCOME

		Years Ended December 31	
	Notes	2023	2022
Revenues		Ps. 36,384,889	Ps. 34,897,904
Cost of Services	13	24,788,613	24,114,292
Gross Profit		11,596,276	10,783,612
Operating Expenses	14	12,082,057	11,917,274
Net Loss before Tax		(485,781)	(1,133,662)
Provision for Income Tax			
Current		-	-
Deferred	16	(97,156)	(226,732)
Net Loss		**Ps. (388,625)**	**Ps. (906,930)**

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31,2023 and 2022

	Subscribed and Paid	Retained Earnings	Total
Balance at January 1, 2022	Ps. 62,500	Ps. (1,756,399)	Ps. (1,693,899)
Net loss		(906,930)	(906,930)
Balance at December 31, 2022	**Ps. 62,500**	**Ps. (2,663,329)**	**Ps. (2,600,829)**
Balance at January 1, 2023	Ps. 62,500	Ps. (2,663,329)	Ps. (2,600,829)
Net loss		(388,625)	(388,625)
Writeoff of deferred tax assets & excess MCIT		(187,263)	(187,263)
Balance at December 31, 2023	**Ps. 62,500**	**Ps. (3,239,217)**	**Ps. (3,176,717)**

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	Ps. (388,625)	Ps. (906,930)
Adjustments for:		
Depreciation	2,029,708	2,029,708
Operating income before working capital changes	1,641,083	1,122,778
Decreases (increases) in:		
Trade and nontrade receivables	(43,210)	327,150
Inventories	61,617	(104,770)
Prepayments	44,591	(6,000)
Other current assets	(44,663)	(107,836)
Deferred tax asset	(284,419)	(226,732)
Increases (decreases) in:		
Trade and nontrade payables	862,808	298,762
Income tax payable	32,207	53,562
Net Cash Provided In Operating Activities	**2,270,014**	**1,356,914**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Fixed Asset	(2,145,525.00)	(1,428,903.00)
Security deposits paid	-	-
Net Cash Used In Investing Activities	**(2,145,525)**	**(1,428,903)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	-
Net Cash Provided (Used) In Financing Activities	-	-
NET DECREASE IN CASH	124,489	(71,989)
CASH BALANCE, BEGINNING	314,586	386,575
CASH BALANCE, END	**Ps. 439,075**	**Ps. 314,586**

METRO CITY CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - CORPORATE INFORMATION

Metro City Chow Foods Corporation (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on August 4, 2016 to establish, operate and maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at Cor San Pedro and City Hall Drive, Davao City.

The financial statements were approved by the Board of Directors and authorized for issue on March 28, 2024.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

The significant accounting and financial reporting policies applied in the preparation of financial statements are set forth to facilitate the understanding of data presented in the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a.) Statement of Compliance and Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the "Framework") as approved by the Financial Reporting Standards Council, Board of Accountancy, and Securities and Exchange Commission (SEC). The principal accounting policies adopted in the preparation of these financial statements are set in this note.

The financial statements have been prepared using the measurement bases specified by the PFRS for SEs for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost convention and presented in Philippine peso, except otherwise stated, and are drawn up in accordance with the provisions of the PFRS for SEs.

b.) Financial Assets and Financial Liabilities

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basis financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and cash equivalents, trade and nontrade receivables borrowings, trade and nontrade payables. The Company does not have complex financial instruments.

Basic financial instruments

Initial measurement

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Company's debt financial instrument is subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at asset's original effective interest rate.

Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

c.) Cash

Cash included cash on hand and savings and demand deposits that are unrestricted and readily available for use in the Company's operations and generally earn interest based on daily bank deposit rates.

d.) Trade and nontrade receivables

Trade and nontrade receivables are recognized initially at the transaction price plus transaction cost. They are subsequently measured at amortized cost using the effective interest method less allowance for impairment losses. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and nontrade receivables expected to be realized within one year after the reporting date or within the Company's normal operating cycle are classified as current assets in the statement of financial position. Otherwise, these are classified as noncurrent assets.

These are derecognized when the rights to receive cash flows from the receivables have expired, or if the Company has transferred its rights to receive cash flows from the receivables.

e.) Inventories

Inventories are assets which are held for sale in the ordinary course of business are recognized initially at cost. Subsequently, these are stated at the lower of cost and market value. Cost is determined using the first-in, first-out (FIFO) method.

Costs are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss. Market value is determined as the probable selling price to willing buyers as of reporting date. The Company makes an assessment of market value at each subsequent reporting date. A reversal of impairment is recognized when the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in market value. Any impairment reversal is recognized in profit or loss, but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of inventories is recognized as an expense in the period in which the related revenue is recognized.

f.) Prepayments

Prepayments are expenses paid in cash and recorded as assets before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption. Prepayments includes insurance, rent, repairs, supplies, and the like.

g.) Other current assets

Other current assets include the current portion of deposits on leasehold, and deferred credits (such as excess MCIT, excess creditable withholding taxes, quarterly income tax).

h.) Property and equipment

Property and equipment are initially recognized at cost. Cost includes purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, plus expenditures that are directly attributable to brining the asset to its present location and condition necessary for it to be capable of operating in the manner intended by the management.

After initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights and improvements	3 – 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected to arise from the continued use of the asset. When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income or expense in the statement of income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

i.) Impairment of non-financial assets

Assets that are subject to depreciation, are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is an indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, asses are grouped at the lowest levels for which they are separately identifiable as cash flows. The impairment loss shall be recognized in profit or loss.

Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. If the estimated recoverable amount of the asset exceeds its carrying amount, the carrying amount is increased to recoverable amount. The reversal of an impairment loss shall not increase the carrying amount of the asset above the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j.) Other noncurrent assets

Other non-current assets include the non-current portion of deposits on leasehold.

k.) Trade and nontrade payables

Trade and nontrade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

The Company's trade and nontrade payables include accounts payable, advances from customers, due to government agencies, accrued interest and accrued expenses.

These are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

l.) Employee benefits

Short-term benefits

Employee entitlements to salaries and wages, annual vacation, and other benefits are recognized when they are accrued to employees. Annual vacation and other leaves have been calculated on an actual entitlement basis at current rates of pay. Unpaid benefits at the end of the reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments.

Post-employment obligations

The Company maintains a defined contribution plan for its regular employees. Under the plan, the Company pays a fixed contribution to a publicly administered pension entity. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets/fund to pay all employees the benefits relating to employee service in the current and prior periods. However, Management has set up yearly appropriation based on certain percentage of net profit after tax to take care of future deficit. The contributions are recognized as employee benefit expense when they are due.

The Company employs less than ten (10) employees and, therefore, is not covered under Republic Act (RA) No. 7641 (The Philippine Retirement Pay Law), which provides for defined benefit minimum guarantee equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service. The benefits due under RA No. 7641 are required to be accounted for as defined benefit plan under PAS 19 (Revised), "Employee Benefits".

m.) Equity instrument

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on present value basis.

Share capital and share premium

Share capital is measured at par value for all shares issued. Any amount received by the Company in excess of par value of its shares is credited to share premium. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings consist of accumulated profits less any amounts distributed to the shareholders.

Cash dividend distribution

Cash dividends to shareholders are recognized as a liability and deducted from equity when approved by the Company's Board of Directors.

n.) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company concluded that it is acting as a principal in all its revenue arrangements.

PFRS 15, 'Revenue From Contracts with Customers', establishes five-step model to identify the contract, identify the separate performance obligations, determine the transaction price, allocate transaction price to performance obligations and recognize revenue as or when each performance obligation is satisfied) to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also requires the Company to exercise judgement facts and circumstances when applying each step of the model and specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to a fulfilling a contract.

Revenue comprises the fair value of the consideration received for the sale of goods in the ordinary course of the Company's activities.

The Company recognizes revenue when it is probable that future economic benefits will flow to the Company, the amount of revenue can be reliably measured and specific criteria have been met for each of the Company's activities.

o.) Expense recognition

Expenses are recognized in the statement of income upon utilization of goods and services or at the date such expenses are incurred, determined a.) on the basis of direct association between the expenses incurred and the earning of specific items of revenue; b.) on the basis of systematic and rational allocation produces when economic benefits are expected to arise over several reporting periods and association can only be broadly or indirectly determined; or, c.) immediately when expenditure procedures no future economic benefits or when, and to the extent that future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial statement position as an asset.

p.) Leases – Company as lessee

The Company shall recognize all lease payments as expense in the statements of income in the period in which they are incurred.

q.) Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

Current Tax

The tax currently payable is based on taxable income for the year. Taxable income differs from the profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the end of the reporting period.

Deferred Income Tax

Deferred income tax is provided using the balance sheet-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the temporary differences (principally relating to provisions for receivable impairment and unearned interest and discounts) between financial reporting bases of assets and liabilities and their related tax bases.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The rates enacted at the end of the reporting period are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability.

Current and Deferred Tax for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items recognized in profit or loss or directly in equity. In this case, the tax is also recognized in profit or loss or directly in equity, respectively.

The Company establishes liabilities for probable and estimable assessments by the Bureau of Internal revenue (BIR) resulting from any known tax exposures. Estimates represent a [illegible] and may need to be adjusted over time as more information becomes available.

r.) Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

In those cases, where the possible outflow of economic resource as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that the developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

s.) Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

t.) Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest peso, unless otherwise indicated.

u.) Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

v.) Comparatives

Where necessary, comparative figures have been reclassified as required by relevant standards.

NOTE 3 - CASH

This account consists of:

	December 31	
	2023	2022
Cash on hand	54,000	54,000
Cash in bank	385,075	260,586
TOTAL	**439,075**	**314,586**

Cash in banks generally earn interest at rates based on daily bank deposit rates.

NOTE 4 – TRADE RECEIVABLES

This account consists of:

	December 31	
	2023	2022

Accounts receivable	604,960	561,750
TOTAL	**604,960**	**561,750**

Accounts receivables are usually settled less than 1 year after billing date and are non-interest bearing.

NOTE 5 – INVENTORIES

This account consists of:

	December 31	
	2023	**2022**
Food supplies and processed inventories	305,735	207,841
Packaging, store and other supplies	52,892	44,386
Novelty items	-	63,247
TOTAL	**358,627**	**420,244**

All inventories are stated of cost, which is lower than its estimated selling price less costs to complete and sell.

The cost of inventories recognized as expense amounted to P17,926,186 and P16,330,046 as at December 31, 2023 and 2022 respectively, and is presented as Cost of Services in the statements of income (see note 13).

NOTE 6 – PREPAYMENTS

This account consists of:

	December 31	
	2023	**2022**
Prepaid store supplies	149,865	194,456
TOTAL	**149,865**	**194,456**

NOTE 7 – OTHER CURRENT ASSETS

This account consists of:

	December 31	
	2023	**2022**
Deferred credits – excess MCIT over NIT	312,513	267,850
TOTAL	**312,513**	**267,850**

NOTE 8 – PROPERTY AND EQUIPMENT (NET)

The reconciliation this account is as follows:

2023

	Leasehold and improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2023	9,337,650	9,443,233	2,661,285	21,442,168
Additions	-	2,145,525	-	2,145,525
December 31, 2023	9,337,650	11,588,758	2,661,285	23,587,693
Accumulated depreciation				
January 1, 2023	4,935,056	3,998,096	1,085,096	10,018,248
Depreciation	1,000,323	824,643	204,742	2,029,708
December 31, 2023	5,935,379	4,822,739	1,289,838	12,047,956
Net book value	**3,402,271**	**6,766,019**	**1,371,447**	**11,539,737**

2022

	Leasehold and improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2022	9,337,650	8,014,330	2,661,285	20,013,265
Additions	-	1,428,903	-	1,428,903
December 31, 2022	9,337,650	9,443,233	2,661,285	21,442,168
Accumulated depreciation				
January 1, 2022	3,934,733	3,173,453	880,354	7,988,540
Depreciation	1,000,323	824,643	204,742	2,029,708
December 31, 2022	4,935,056	3,998,096	1,085,096	10,018,248
Net book value	**4,402,594**	**5,445,137**	**1,576,189**	**11,423,920**

Depreciation charged to cost of services amounted to P2,029,708 and P2,029,708 as at December 31, 2023 and 2022, respectively. (see note 13)

NOTE 9 – OTHER NONCURRENT ASSETS

This account consists of:

	December 31	
	2023	2022
Security deposits	715,201	715,201
TOTAL	715,201	715,201

The account pertains to security deposits for operating leases entered by the Company. The security deposits are recoverable from the lessors at the end of the lease term.

NOTE 10 – TRADE AND NONTRADE PAYABLES

This account consists of:

	December 31	
	2023	**2022**
Accounts payables	17,922,595	17,296,331
SSS, HDMF, PHIC and withholding taxes payable	365,215	334,869
Accrued expenses	337,825	131,627
TOTAL	**18,625,635**	**17,762,827**

Accounts payable represents the amount owed to various suppliers on the Company's purchases of raw materials. The average credit period on these payables is less than 1 year.

SSS, HDMF, PHIC and withholding taxes payable are due to government agencies.

NOTE 11 – SHARE CAPITAL

	2023		2022	
	Shares	Amount	Shares	Amount
Authorized capital share – P100 par value per share	10,000	1,000,000	10,000	1,000,000
Issued and subscribed	625	62,500	625	62,500
Treasury shares	-	-	-	-
Issued, subscribed and outstanding	**625**	**62,500**	**625**	**62,500**

Analysis of share capital is shown below:

	Subscribed	Outstanding shares	Treasury shares	Net
Balance at December 31, 2023	625	625	- -	625
Balance at December 31, 2022	625	625	-	625

The Company is not exposed to externally imposed capital requirements.

NOTE 12 – RETAINED EARNINGS

This account consists of:

	December 31	
	2023	**2022**
Unappropriated retained earnings at beginning of year	(2,663,329)	(3,106,399)
Reversal of appropriations		1,350,000
Net loss	(388,625)	(906,930)
Write-off of deferred tax assets and excess MCIT	(187,263)	-
Unappropriated retained earnings at end of year	(3,239,217)	(2,663,329)
Appropriated retained earnings at end of year		-
BALANCE AT END OF YEAR	**(3,239,217)**	**(2,663,329)**

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Under the Philippine Corporation Code, stock corporations are prohibited from retaining surplus profits in excess of their paid-up capital stock except when justified by any of the reasons mentioned in the Code.

As at December 31, 2023 and 2022, the Company's retained earnings were not in excess of the paid-up capital.

NOTE 13 – COST OF SERVICES

This account consists of:

	December 31	
	2023	**2022**
Food, packaging, paper and novelties	17,926,186	16,330,046
Royalty	2,144,682	2,006,487
Advertisement	1,002,116	982,967
Supplies	785,926	1,026,688
Depreciation (see note 8)	2,029,708	2,029,708
Security services	478,540	444,400
Miscellaneous	421,455	1,293,996
TOTAL	**24,788,613**	**24,114,292**

Details of food supplies, processed inventories, packaging, paper and novelties cost follow:

	December 31	
	2023	**2022**
Inventory, January 1	420,244	315,474
Purchases	17,864,569	16,434,816
Inventory, December 31	(358,627)	(420,244)
TOTAL	**17,926,186**	**16,330,046**

NOTE 14 – OPERATING EXPENSES

This account consists of:

	December 31	
	2023	**2022**
Communication, light and water	1,326,588	1,622,214
Insurance	28,945	22,238
Office supplies	96,315	185,040
Rentals (see note 15)	3,063,083	2,918,245
Repairs and maintenance	275,260	262,221
Salaries, wages and benefits	6,413,662	6,155,076
SSS, Phil health, HDMF and other contributions	-	-
Senior citizen discount	624,854	517,721
Taxes and licenses (see note 17)	224,805	208,706
Transportation and travel	28,545	25,813
TOTAL	**12,082,057**	**11,917,274**

NOTE 15 – OPERATING LEASE AGREEMENTS

The Company leases a commercial space under a long-term lease of 10 years commencing on June 14, 2017. The lease is subject to rent reviews after 10 years. The lease is subject to renewal upon mutual consent of both parties. Monthly rent is also subject to 10% escalation annually.

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The minimum lease payments under operating leases recognized as expense during the year amounted to P 3,063,083 and P2,918,245 as at December 31, 2023 and 2022 respectively.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

	December 31	
	2022	**2021**
No later than 1 year	3,063,083	2,918,245
Later than 1 year and no later than 5 years	-	-
Later than 5 years	-	-

NOTE 16 – INCOME TAXES

On March 26, 2021, the President signed into law the "Corporate Recovery and Tax Incentives for Enterprise Act" or CREATE which seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making it time-bound, targeted and performance based.

Corporate income tax of domestic corporations shall either be 20% or 25%. The 20% rate applies to domestic corporations with a net taxable income not exceeding P5 million AND with total assets not exceeding P100 million. In computing the total assets, the value of the land where the office, plant and equipment are situated during the taxable year is to be excluded.

All other domestic corporations are subject to the 25% corporate income tax rate. Also, MCIT for both domestic and resident foreign corporations have decreased to 1%.

Section 09 of the Revenue Regulation No 5-2021 provides the mandated rates to be used during the transition period. The current and deferred taxes for financial reporting purposes as of December 31, 2023 are measured using the RCIT/MCIT rate as of December 31, 2023.

The provision for income tax for the years ended December 31 follows:

	December 31	
	2023	**2022**
Current	-	-
Deferred	(97,156)	(226,732)
INCOME TAX EXPENSE	(97,156)	(226,732)

The components of the Company's deferred tax assets are as follows:

	December 31	
	2023	**2022**
Beginning of year	1,362,381	1,135,649
Add (deduct):		
NOLCO	97,156	226,732
Excess MCIT	-	-
END OF YEAR	**1,459,537**	**1,362,381**

Details of NOLCO pursuant to BIR RR No. 14-01, which can be applied as a deduction in the succeeding three years, are as follow:

Year incurred	Year of expiry	2022	Additions	Applied/ Expired	[illegible]
2022	2025	1,133,662	-	[illegible]	1,133,662
2023	2026	-	485,78[illegible]	[illegible]	[illegible]

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In addition, BIR RR No. 25-2020 on rules and regulations implementing Sec. 4(bbbb) of RA No. 11494, otherwise known as the "Bayanihan to Recover as One Act" relative to NOLCO incurred by businesses or enterprises for taxable years 2020 and 2021 can be applied as a deduction in the succeeding five years.

Year incurred	Year of expiry	2022	Additions	Applied/ Expired	2023
2020	2025	2,804,862	-	-	2,804,862
2021	2026	1,470,952	-	-	1,470,952

Details of MCIT are as follow:

Year incurred	Year of expiry	2022	Additions	Applied/ Expired	2023
2020	2023	85,934	-	85,934	-
2021	2024	74,080	-	74,080	-
2022	2025	107,836	-	27,249	80,588
2023	2026	-	231,926	-	231,926

NOTE 17 – SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE (BIR)

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

	2023	2022
Gross sales of goods	36,384,889	34,897,903
Less: VAT exempt sales	3,041,072	2,588,607
Net-vatable sale of goods	33,343,817	32,309,296
Output VAT, December 31	4,001,258	3,877,116

Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

	2023	2022
Current year's domestic purchases/payments		
Goods for resale or further processing	2,143,335	2,441,543
Goods other than for resale	1,456,497	1,176,382
Total Input reported in VAT returns	(3,599,832)	(3,617,925)
Input VAT, December 31	-	-

All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

	2023	2022
Business taxes, licenses and permits	209,280	193,531
Community tax certificate	10,500	10,500
Other taxes and licenses	5,025	4,675
Total other taxes and licenses paid for the year	224,805	208,706

Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

	2023	2022
Tax on compensation and benefits	15.69	
Creditable withholding taxes	345,278	337,576
Final withholding taxes	428,936	401,297
Total withholding taxes for the year	774,230	738,873

Importations

The Company has not engaged in importations subject to import and custom duties and tariff fees for the years ended December 31, 2023 and 2022.

Excise tax

The Company has no productions of goods for domestic sales or importation subject to excise taxes for the years ended December 31, 2023 and 2022. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2023 and 2022.

Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

NOTE 18 – OTHER MATTERS

Going Concern Uncertainty

There is uncertainty in the Company's capability to continue as a going concern due to capital deficiency as at December 31, 2023 and 2022 amounting to P3,176,717 and P2,600,829, respectively.

These financial statements are prepared on a going concern basis because the management have undertaken to provide continuing financial support so that the company is able to pay its debt as and when they fall due.

METRO CITY CHOW FOODS CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

	December 31	
	2023	2022
UNAPPROPRIATED RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION, BEGINNING	Ps. (2,663,329)	Ps. (3,106,399)
NET INCOME ACTUALLY EARNED / REALIZED DURING THE PERIOD		
Reacquisition of shares	-	-
Net income during the period closed to retained earnings	(388,625)	(906,930)
Non-actual/Unrealized income of tax		
Equity in income of associate/joint venture	-	-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents	-	-
Changes in revaluation increment earned through additional depreciation charge	-	-
Deferred income tax pertaining to property sold	-	-
Unrealized actuarial gain	-	-
Fair value adjustment (M2M gains)	-	-
Fair value adjustment of property resulting to gain	-	-
Adjustment due to deviation from PFRS / GAAP gain	-	-
Other unrealized gains or adjustment to the retained earnings as a result of certain transactions accounted for under PFRS	(187,263)	-
Total Non-Actual/Unrealized Income Net of Tax	(575,888)	(906,930)
Non-actual losses		
Depreciation on revaluation increment (after tax)	-	-
Adjustment due to deviation from PFRS / GAAP - loss	-	-
Loss on fair value adjustment of investment property (after tax)	-	-
Net income actually earned during the period	(575,888)	(906,930)
TOTAL UNAPPROPRIATED RETAINED EARNINGS	(3,239,217)	(4,013,329)
Dividend declarations during the period	-	-
Appropriations of retained earnings during the period	-	-
Reversals of appropriations	-	1,350,000
Effects of prior period adjustments	-	-
Treasury shares	-	-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDENDS	Ps. (3,239,217)	Ps. (2,663,329)
Appropriated per financial statements	Ps. -	Ps. -
Less appropriation for dividends		
Adjusted appropriated retained earnings	-	-
Unappropriated per financial statements	(3,239,217)	(2,663,329)
Add appropriation for dividends		
Adjusted unappropriated retained earnings available for dividends	(3,239,217)	(2,663,329)
TOTAL RETAINED EARNINGS PER FINANCIAL STATEMENTS	Ps. (3,239,217)	Ps. (2,663,329)

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STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **METRO CITY CHOW FODDS CORPORATION** covering the period January 1, 2023 to December 31, 2023 that are herewith submitted to the Securities and Exchange Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make this representation in my individual capacity and as a partner in the accounting firm of **ELISES & CIUDADANO (A Professional Firm of Certified Public Accountants).**

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (November 03, 2024)
BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 9052194C (January 8, 2024)

Davao City, Philippines
March 28, 2024

SECURITIES AND EXCHANGE COMMISSION
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E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
Unit 6 Dakudao Building,
Gov. Duterte Street,
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Telephone: (082) 221-9069
Fax: (6382) 221-9069
Email: jqelises@yahoo.com

THELMA S. CIUDADANO
3rd Flr. JRT Building,
104 V. Ilustre Street,
Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2694
Email: thelmaciudadano@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

We have audited the financial statements of **METRO CITY CHOW FOODS CORPORATION** (the "Company") for the year ended December 31, 2023, on which we have rendered the attached report dated March 28, 2024.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the said Company has a total number of two (2) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
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By:

JUAN C. FRIVALDO
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CPA Certificate No. 98229 (November 03, 2024)
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TIN: 912-933-298
PTR No. 9052194C (January 8, 2024)

Davao City, Philippines
March 28, 2024

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Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

We, the appointed independent auditor of **METRO CITY CHOW FOODS CORPORATION** (the "Company"), do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 17 of the Notes to Financial Statements.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (November 03, 2024)
BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 9052194C (January 8, 2024)

Davao City, Philippines
March 28, 2024

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 20 26

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY NINE (29) page (s).

Verified by: ____________ dated APRIL-10 20 26

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "KKKKKKK"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS 201617466

Company Name

METRO CITY CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

BELEJ BUILDING SAN PEDRO
STREET DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	NA	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jb_jtcdvoacctg@yahoo.com	082-2245068	09776580873

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	May 31	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gerlie S. Dela Cruz	jtc.acc0unting@gmail.com	082-2245068	09165226537

Contact Person's Address

3F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION
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METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number:009-370-554

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

JUAN C. FRIVALDO, CPA, MBA, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chairman of the Board: **JAIME T. CRUZ**
Signature over printed name

Chief financial Officer: **RICCI EVETTE L. CRUZ**
Signature over printed name

Signed this 31 day of MARCH, 2025.

23 APR 2025

SUBSCRIBED AND SWORN to before me this ________ in the City of Davao, Davao del Sur, Philippines. Affiant(s) exhibited to me his/her/their competent evidence of identity (as shown below [illegible]) bearing his/her/their photograph and signature and annexed to the truth of [illegible]

ATTY. OSCAR SUAREZ TE
NOTARY PUBLIC
Until December 31, 2025
Roll of Attorney's No. 32965
Notarial Commission No. 2024-042-2025
PTR O.R. No. 0540336D dtd. 01/02/2025
IBP-Davao City Chapter OR. No. 496363 dtd. 01/03/2025
Davao City

DOC. NO. 978
PAGE NO. 97
BOOK NO. IX
SERIES OF 2025

METRO CITY CHOW FOODS CORPORATION
CORNER SAN PEDRO AND CITY HALL DRIVE, DAVAO CITY
Tax Identification Number:009-370-554

Securities and Exchange Commission
PHILIPPINES

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of METRO CITY CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2024 and 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2024 and 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **METRO CITY CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **METRO CITY CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
President/Chairman of the Board

RICCI EVETTE L. CRUZ
Chief Financial Officer

Signed this 31 day of MARCH, 2025.

SECURITIES AND EXCHANGE COMMISSION
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Page: 5 of 29 pages
Verified by: LT
Date Issued: ____
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2 3 APR 2025

SUBSCRIBED AND SWORN to before me thi[illegible] in the City of Davao, Davao del Sur, Philippines. Affiant[illegible] me his/her/their competent evidence of identity (as shown below his/her/their names), bearing his/her/their photograph and signature and attested to the truth of the foregoing statement.

DOC NO. 429
PAGE NO. 72
BOOK NO. IX
SERIES OF 2025

ATTY. OSCAR SUAREZ TE
NOTARY PUBLIC
Until December 31, 2025
Roll of Attorney's No. 32965
Notarial Commission No. 2024-042-2025
PTR O.R. No. 0540336D dtd. 01/02/2025
IBP-Davao City Chapter O.R. No. [illegible]3 dtd. 01/06/2025
Davao City

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
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Davao City, Philippines

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

Opinion

We have audited the financial statements of **METRO CITY CHOW FOODS CORPORATION**, which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position **METRO CITY CHOW FOODS CORPORATION** as at December 31, 2024 and 2023, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

We draw attention to Note 18 to the financial statements which indicates the Company's ability to continue as a going concern as it suffered capital deficiency amounting to P3,486,577 and P3,176,717 as at December 31, 2024 and 2023, respectively. The management's plans in response to these events and circumstances are also discussed in Note 18 to the financial statements. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes paid and accrued by the Company discussed in Note 17 to the financial statements is presented for the purpose of complying with the disclosure requirement of the Bureau of Internal Revenue are not a required part of the basic financial statements. Such information and additional schedules are the responsibility of Management. They have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2027)
SEC Accreditation No. 0161-SEC (AFS 2023-2027)
BSP Accreditation No. 0161-BSP (AFS 2021-2025)
CDA CEA No. 032-AF

By:

JUAN C. FRIVALDO
CPA Certificate No. 0098229 (February 18, 1999)
BOA Accreditation No. 0161/P-003 (November 18, 2027)
BIR AN 19-007743-001-2022 (December 13, 2025)
TIN: 912-933-298
PTR No. 0466263D (January 02, 2025)

Davao City, Philippines
March 31, 2025

METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Notes	As of December 31 2024	2023
ASSETS			
CURRENT ASSETS			
Cash	3	Ps. 306,571	Ps. 439,075
Trade and nontrade receivables	4	589,217	604,960
Inventory	5	296,526	358,627
Prepayments	6	150,268	149,865
Other current assets	7	532,067	312,513
Total Current Assets		**1,874,649**	**1,865,040**
NON-CURRENT ASSETS			
Property and equipment, net	8	10,242,663	11,539,737
Deferred tax asset	16	1,537,002	1,459,537
Other noncurrent assets	9	715,201	715,201
Total Non-Current Assets		**12,494,866**	**13,714,475**
TOTAL ASSETS		**Ps. 14,369,515**	**Ps. 15,579,515**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and nontrade payables	10	Ps. 17,687,912	Ps. 18,625,635
Income tax payable	16	168,180	130,597
Total Current Liabilities		**17,856,092**	**18,756,232**
SHAREHOLDERS' EQUITY			
(Authorized share capital 10,000 shares @ P100.00 par value per share, P1,000,000)			
Subscribed & Paid	11	62,500	62,500
Retained earnings	12	(3,549,077)	(3,239,217)
Total Capital Deficiency		**(3,486,577)**	**(3,176,717)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**Ps. 14,369,515**	**Ps. 15,579,515**

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF INCOME

		Years Ended December 31	
	Notes	2024	2023
Revenues		Ps. 35,097,069	Ps. 36,384,889
Cost of Services	13	24,119,352	24,788,613
Gross Profit		10,977,717	11,596,276
Operating Expenses	14	11,365,042	12,082,057
Net Loss before Tax		(387,325)	(485,781)
Provision for Income Tax			
Current		-	-
Deferred	16	(77,465)	(97,156)
Net Loss		**Ps. (309,860)**	**Ps. (388,625)**

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METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31,2024 and 2023

		Subscribed and Paid		Retained Earnings		Total
Balance at January 1, 2023	Ps.	62,500	Ps.	(2,663,329)	Ps.	(2,600,829)
Net loss			Ps.	(388,625)	Ps.	(388,625)
Writeoff of deferred tax assests & excess MCIT				(187,263)		(187,263)
Balance at December 31, 2023	**Ps.**	**62,500**	**Ps.**	**(3,239,217)**	**Ps.**	**(3,176,717)**
Balance at January 1, 2024	Ps.	62,500	Ps.	(3,239,217)	Ps.	(3,176,717)
Net income/ loss			Ps.	(309,860)	Ps.	(309,860)
Balance at December 31, 2024	**Ps.**	**62,500**	**Ps.**	**(3,549,077)**	**Ps.**	**(3,486,577)**

METRO CITY CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	Ps. (309,860)	Ps. (388,625)
Adjustments for:		
Depreciation	2,896,851	2,029,708
Operating income before working capital changes	2,586,991	1,641,083
Decreases (increases) in:		
Trade and nontrade receivables	15,743	(43,210)
Inventories	62,101	61,617
Prepayments	(403)	44,591
Other current assets	(219,554)	(44,663)
Deferred tax asset	(77,465)	(284,419)
Increases (decreases) in:		
Trade and nontrade payables	(937,723)	862,808
Income tax payable	37,583	32,207
Net Cash Provided By Operating Activities	**1,467,273**	**2,270,014**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Fixed Asset	(1,599,777.00)	(2,145,525.00)
Security deposits paid	-	-
Net Cash Used In Investing Activities	**(1,599,777)**	**(2,145,525)**
NET INCREASE (DECREASE) IN CASH	(132,504)	124,489
CASH BALANCE, BEGINNING	439,075	314,586
CASH BALANCE, END	**Ps. 306,571**	**Ps. 439,075**

METRO CITY CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - CORPORATE INFORMATION

Metro City Chow Foods Corporation (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on August 4, 2016 to establish, operate and maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at Cor San Pedro and City Hall Drive, Davao City.

The accompanying financial statements of the Company as at and for the years 2024 and 2023 were approved and authorized by its Board of Directors on March 31, 2025.

NOTE 2 - SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information are consistent with those of the previous financial year except for the changes as stated below.

a.) Statement of Compliance and Basis of Preparation

The financial statements of Metro City Chow Foods Corporation have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as issued by the Philippine Financial Reporting Standard Council (FSRSC). PFRS Accounting Standards are based on IFRS Accounting Standards issued by the International Accounting Standards Board.

The financial statements have been prepared using the measurement bases specified by the PFRS for SEs for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost convention and presented in Philippine peso, except otherwise stated, and are drawn up in accordance with the provisions of the PFRS for SEs.

b.) Financial Assets and Financial Liabilities

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basis financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and cash equivalents, trade and nontrade receivables borrowings, trade and nontrade payables. The Company does not have complex financial instruments.

Basic financial instruments

Initial measurement

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Company's debt financial instrument is subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment of any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at asset's original effective interest rate.

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Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

c.) Cash

Cash included cash on hand and savings and demand deposits that are unrestricted and readily available for use in the Company's operations and generally earn interest based on daily bank deposit rates.

d.) Trade and nontrade receivables

Trade and nontrade receivables are recognized initially at the transaction price plus transaction cost. They are subsequently measured at amortized cost using the effective interest method less allowance for impairment losses. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and nontrade receivables expected to be realized within one year after the reporting date or within the Company's normal operating cycle are classified as current assets in the statement of financial position. Otherwise, these are classified as noncurrent assets.

These are derecognized when the rights to receive cash flows from the receivables have expired, or if the Company has transferred its rights to receive cash flows from the receivables.

e.) Inventories

Inventories are assets which are held for sale in the ordinary course of business are recognized initially at cost. Subsequently, these are stated at the lower of cost and market value. Cost is determined using the first-in, first-out (FIFO) method.

Costs are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss. Market value is determined as the probable selling price to willing buyers as of reporting date. The Company makes an assessment of market value at each subsequent reporting date. A reversal of impairment is recognized when the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in market value. Any impairment reversal is recognized in profit or loss, but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of inventories is recognized as an expense in the period in which the related revenue is recognized.

f.) Prepayments

Prepayments are expenses paid in cash and recorded as assets before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption. Prepayments includes insurance, rent, repairs, supplies, and the like.

g.) Other current assets

Other current assets include the current portion of deposits on leasehold, and deferred credits (such as excess MCIT, excess creditable withholding taxes, quarterly income tax).

h.) Property and equipment

Property and equipment are initially recognized at cost. Cost includes purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, plus expenditures that are directly attributable to brining the asset to its present location and condition necessary for it to be capable of operating in the manner intended by the management.

After initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights and improvements	3 – 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected to arise from the continued use of the asset. When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income or expense in the statement of income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

i.) Impairment of non-financial assets

Assets that are subject to depreciation, are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is an indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, asses are grouped at the lowest levels for which they are separately identifiable as cash flows. The impairment loss shall be recognized in profit or loss.

Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. If the estimated recoverable amount of the asset exceeds its carrying amount, the carrying amount is increased to recoverable amount. The reversal of an impairment loss shall not increase the carrying amount of the asset above the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j.) Other noncurrent assets

Other non-current assets include the non-current portion of deposits on leasehold.

k.) Trade and nontrade payables

Trade and nontrade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. These are included in current liabilities, except for liabilities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

The Company's trade and nontrade payables include accounts payable, advances from customers, due to government agencies, accrued interest and accrued expenses.

These are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

l.) Employee benefits

Short-term benefits

Employee entitlements to salaries and wages, annual vacation, and other benefits are recognized when they are accrued to employees. Annual vacation and other leaves have been calculated on an actual entitlement basis at current rates of pay. Unpaid benefits at the end of the reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments.

Post-employment obligations

The Company maintains a defined contribution plan for its regular employees. Under the plan, the Company pays a fixed contribution to a publicly administered pension entity. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets/fund to pay all employees the benefits relating to employee service in the current and prior periods. However, Management has set up yearly appropriation based on certain percentage of net profit after tax to take care of future deficit. The contributions are recognized as employee benefit expense when they are due.

The Company employs less than ten (10) employees and, therefore, is not covered under Republic Act (RA) No. 7641 (The Philippine Retirement Pay Law), which provides for defined benefit minimum guarantee equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service. The benefits due under RA No. 7641 are required to be accounted for as defined benefit plan under PAS 19 (Revised), "Employee Benefits".

m.) Equity instrument

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on present value basis.

Share capital and share premium

Share capital is measured at par value for all shares issued. Any amount received by the Company in excess of par value of its shares is credited to share premium. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings consist of accumulated profits less any amounts distributed to the shareholders.

Cash dividend distribution

Cash dividends to shareholders are recognized as a liability and deducted from equity when approved by the Company's Board of Directors.

n.) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company concluded that it is acting as a principal in all its revenue arrangements.

PFRS 15, 'Revenue From Contracts with Customers', establishes five-step model (identify the contract, identify separate performance obligations, determine the transaction price, allocate transaction price to performance obligations and recognize revenue as or when each performance obligation is satisfied) to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also requires the Company to exercise judgement facts and circumstances when applying each step of the model and specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to a fulfilling a contract.

Revenue comprises the fair value of the consideration received for the sale of goods in the ordinary course of the Company's activities.

The Company recognizes revenue when it is probable that future economic benefits will flow to the Company, the amount of revenue can be reliably measured and specific criteria have been met for each of the Company's activities.

o.) Expense recognition

Expenses are recognized in the statement of income upon utilization of goods and services or at the date such expenses are incurred, determined a.) on the basis of direct association between the expenses incurred and the earning of specific items of revenue; b.) on the basis of systematic and rational allocation produces when economic benefits are expected to arise over several reporting periods and association can only be broadly or indirectly determined; or, c.) immediately when expenditure procedures no future economic benefits or when, and to the extent that future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial statement position as an asset.

p.) Leases – Company as lessee

The Company shall recognize all lease payments as expense in the statements of income in the period in which they are incurred.

q.) Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

Current Tax

The tax currently payable is based on taxable income for the year. Taxable income differs from the profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the end of the reporting period.

Deferred Income Tax

Deferred income tax is provided using the balance sheet-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the temporary differences (principally relating to provisions for receivable impairment and unearned interest and discounts) between financial reporting bases of assets and liabilities and their related tax bases.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The rates enacted at the end of the reporting period are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability.

Current and Deferred Tax for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items recognized in profit or loss or directly in equity. In this case, the tax is also recognized in profit or loss or directly in equity, respectively.

The Company establishes liabilities for probable and estimable assessments by the Bureau of Internal revenue (BIR) resulting from any known tax exposures. Estimates represent a reasonable provision for taxes ultimately expected to be paid and may need to be adjusted over time as more information becomes available.

r.) Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

In those cases, where the possible outflow of economic resource as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that the developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

s.) Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

t.) Rounding of Amounts

All the amount disclosed in the financial statements and notes have been rounded off to the nearest peso, unless otherwise indicated.

u.) Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

v.) Comparatives

Where necessary, comparative figures have been reclassified as required by relevant standards.

NOTE 3 - CASH

This account consists of:

	December 31	
	2024	**2023**
Cash on hand	54,000	54,000
Cash in bank	252,571	385,075
TOTAL	**306,571**	**439,075**

Cash in banks generally earn interest at rates based on daily bank deposit rates.

NOTE 4 – TRADE AND NONTRADE RECEIVABLES

This account consists of:

	December 31	
	2024	**2023**
Accounts receivable	589,217	604,960

TOTAL	**589,217**	**604,960**

Accounts receivables are usually settled less than 1 year after billing date and are non-interest bearing.

NOTE 5 – INVENTORIES

This account consists of:

	December 31	
	2024	**2023**
Food supplies and processed inventories	238,087	305,735
Packaging, store and other supplies	58,439	52,892
TOTAL	**296,526**	**358,627**

All inventories are stated of cost, which is lower than its estimated selling price less costs to complete and sell.

The cost of inventories recognized as expense amounted to P16,344,971 and P17,926,186 as at December 31, 2024 and 2023 respectively, and is presented as Cost of Sales in the statements of income (see note 13).

NOTE 6 – PREPAYMENTS

This account consists of:

	December 31	
	2024	**2023**
Prepaid store supplies	150,268	149,865
TOTAL	**150,268**	**149,865**

NOTE 7 – OTHER CURRENT ASSETS

This account consists of:

	December 31	
	2024	**2023**
Deferred credits – excess MCIT over NIT	532,067	312,513
TOTAL	**532,067**	**312,513**

NOTE 8 – PROPERTY AND EQUIPMENT (NET)

The reconciliation this account is as follows:

2024

	Leasehold and improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2024	9,337,650	11,588,758	2,661,285	23,587,693
Additions	-	1,599,777	-	1,599,777
December 31, 2024	9,337,650	13,188,535	2,661,285	25,187,470
Accumulated depreciation				
January 1, 2024	5,935,379	4,822,739	1,289,838	12,047,956
Depreciation	1,250,403	1,236,964	409,484	2,896,851
December 31, 2024	7,185,782	6,059,703	1,699,322	14,944,807
Net book value	**2,151,868**	**7,128,832**	**961,963**	**10,242,663**

2023

	Leasehold and improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2023	9,337,650	9,443,233	2,661,285	21,442,168
Additions	-	2,145,525	-	2,145,525
December 31, 2023	9,337,650	11,588,758	2,661,285	23,587,693
Accumulated depreciation				
January 1, 2023	4,935,056	3,998,096	1,085,096	10,018,248
Depreciation	1,000,323	824,643	204,742	2,029,708
December 31, 2023	5,935,379	4,822,739	1,289,838	12,047,956
Net book value	**3,402,271**	**6,766,019**	**1,371,447**	**11,539,737**

Depreciation charged to cost of goods sold amounted to P2,896,851 and P2,029,708 as at December 31, 2024 and 2023, respectively (see note 13).

NOTE 9 – OTHER NONCURRENT ASSETS

This account consists of:

	December 31	
	2024	2023
Security deposits	715,201	715,201

TOTAL	**715,201**	**715,201**

The account pertains to security deposits for operating leases entered by the Company. The security deposits are recoverable from the lessors at the end of the lease term.

NOTE 10 – TRADE AND NONTRADE PAYABLES

This account consists of:

	December 31	
	2024	**2023**
Accounts payables	16,952,531	17,922,595
SSS, HDMF, PHIC and withholding taxes payable	391,423	365,215
Accrued expenses	343,958	337,625
TOTAL	**17,687,912**	**18,625,635**

Accounts payable represents the amount owed to various suppliers on the Company's purchases of raw materials. The average credit period on these payables is less than 1 year.

SSS, HDMF, PHIC and withholding taxes payable are due to government agencies.

NOTE 11 – SHARE CAPITAL

	2024		2023	
	Shares		Shares	
Authorized capital share – P100 par value per share	10,000	1,000,000	10,000	1,000,000
Issued and subscribed	625	62,500	625	62,500
Treasury shares	-	-	-	-
Issued, subscribed and outstanding	**625**	**62,500**	**625**	**62,500**

Analysis of share capital is shown below:

	Subscribed	Outstanding shares	Treasury shares	Net
Balance at December 31, 2024	625	625	-	625
Balance at December 31, 2023	625	625	-	625

The Company is not exposed to externally imposed capital requirement.

NOTE 12 – RETAINED EARNINGS

This account consists of:

	December 31	
	2024	2023
Unappropriated retained earnings at beginning of year	(3,239,217)	(2,663,329)
Reversal of appropriations	-	-
Net loss	(309,860)	(388,625)

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Write-off of deferred tax assets and excess MCIT		(187,263)
Unappropriated retained earnings at end of year	(3,549,077)	(3,239,217)
Appropriated retained earnings at end of year	-	-
BALANCE AT END OF YEAR	**(3,549,077)**	**(3,239,217)**

Under the Philippine Corporation Code, stock corporations are prohibited from retaining surplus profits in excess of their paid-up capital stock except when justified by any of the reasons mentioned in the Code.

As at December 31, 2024 and 2023, the Company's retained earnings were not in excess of the paid-up capital.

NOTE 13 – COST OF SERVICES

This account consists of:

	December 31	
	2024	2023
Food, packaging, paper and novelties	16,484,971	17,926,186
Royalty	2,058,726	2,144,682
Advertisement	1,211,206	1,002,116
Supplies	755,894	785,926
Depreciation (see note 8)	2,896,851	2,029,708
Security services	490,720	478,540
Miscellaneous	220,984	421,455
TOTAL	**24,119,352**	**24,788,613**

Details of food supplies, processed inventories, packaging, paper and novelties cost follow:

	December 31	
	2024	2023
Inventory, January 1	358,627	420,244
Purchases	16,422,870	17,864,569
Inventory, December 31	(296,526)	(358,627)
TOTAL	**16,484,971**	**17,926,186**

NOTE 14 – OPERATING EXPENSES

This account consists of:

	December 31	
	2024	2023
Communication, light and water	1,364,734	1,326,588
Insurance	30,455	28,945
Office supplies	86,460	96,315
Rentals (see note 15)	3,330,030	3,063,083
Repairs and maintenance	295,750	275,260
Salaries, wages and benefits	5,662,016	6,413,662
Senior citizen discount	320,832	624,854
Taxes and licenses (see note 17)	235,640	224,805
Transportation and travel	39,125	28,545
TOTAL	**11,365,042**	**12,082,057**

NOTE 15 – OPERATING LEASE AGREEMENTS

The Company leases a commercial space under a long-term lease of 10 years commencing on June 24, 2017. The lease is subject to rent reviews after 10 years. The lease is subject to renewal upon mutual consent of both parties. Monthly rent is also subject to 10% escalation annually.

The minimum lease payments under operating leases recognized as expense during the year amounted to P3,330,030 and P3,063,083 as at December 31, 2024 and 2023 respectively.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

	December 31	
	2024	2023
No later than 1 year	3,330,030	3,063,083
Later than 1 year and no later than 5 years	-	-
Later than 5 years	-	-

NOTE 16 – INCOME TAXES

On March 26, 2021, the President signed into law the "Corporate Recovery and Tax Incentives for Enterprise Act" or CREATE which seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making it time-bound, targeted and performance based.

Corporate income tax of domestic corporations shall either be 20% or 25%. The 20% rate applies to domestic corporations with a net taxable income not exceeding P5 million AND with total assets not exceeding P100 million. In computing the total assets, the value of the land where the office, plant and equipment are situated during the taxable year is to be excluded.

All other domestic corporations are subject to the 25% corporate income tax rate. Also, MCIT for both domestic and resident foreign corporations have been decreased to 1%.

Section 09 of the Revenue Regulation No 5-2021 provides the mandated rates to be used during the transition period. The current and deferred taxes for financial reporting purposes as of December 31, 2024 are measured using the RCIT/MCIT rate as of December 31, 2024.

The provision for income tax for the years ended December 31 follows:

	December 31	
	2024	2023
Current	-	-
Deferred	(77,465)	(97,156)
INCOME TAX EXPENSE	**(77,465)**	**(97,156)**

The components of the Company's deferred tax assets are as follows:

	December 31	
	2024	2023
Beginning of year	1,459,537	1,362,381
Add (deduct):		
NOLCO	77,465	97,156
END OF YEAR	1,537,002	1,459,537

Details of NOLCO pursuant to BIR RR No. 14-01, which can be applied as a deduction in the succeeding three years, are as follow:

Year incurred	Year of expiry	2023	Additions	Applied Expired	2024
2022	2025	1,133,662	-	-	1,133,662

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2023	2026	485,781	-		485,781
2024	2027	-	387,325		387,325

In addition, BIR RR No. 25-2020 on rules and regulations implementing Sec. 4(bbbb) of RA No. 11494, otherwise known as the "Bayanihan to Recover as One Act" relative to NOLCO incurred by businesses or enterprises for taxable years 2020 and 2021 can be applied as a deduction in the succeeding five years.

Year incurred	Year of expiry	2023	Additions	Applied/ Expired	2024
2020	2025	2,804,862	-	-	2,804,862
2021	2026	1,470,952	-	-	1,470,952

Details of MCIT are as follows:

Year incurred	Year of expiry	2023	Additions	Applied/ Expired	2024
2022	2025	80,588	-	-	80,588
2023	2026	231,926	-	-	231,926
2024	2027	-	219,554	-	219,554

NOTE 17 – SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE (BIR)

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

	2024	2023
Gross sales of goods	35,097,069	36,384,889
Less: VAT exempt sales	4,347,227	3,041,072
Net-vatable sale of goods	30,749,842	33,343,817
Output VAT, December 31	3,689,981	4,001,258

Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

	2024	2023
Current year's domestic purchases/payments		
Goods for resale or further processing	2,071,985	2,143,335
Goods other than for resale	1,483,621	1,456,497
Total Input reported in VAT returns	(3,555,605)	(3,599,832)
Input VAT, December 31	-	-

All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

	2024	2023
Business taxes, licenses and permits	219,890	209,280
Community tax certificate	10,500	10,500
Other taxes and licenses	5,250	5,025
Total other taxes and licenses paid for the year	235,640	224,805

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Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

	2024	2023
Tax on compensation and benefits	-	15.69
Creditable withholding taxes	343,439	345,278
Final withholding taxes	411,745	428,936
Total withholding taxes for the year	755,184	774,230

Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2024 and 2023.

Excise tax

The Company has no productions of goods for domestic sales or importation subject to excise taxes for the years ended December 31, 2024 and 2023. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2024 and 2023.

Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

NOTE 18 – OTHER MATTERS

Going Concern Uncertainty

There is uncertainty in the Company's capability to continue as a going concern due to capital deficiency as at December 31, 2024 and 2023 amounting to P3,486,577 and P3,176,717, respectively.

These financial statements are prepared on a going concern basis because the management have undertaken to provide continuing financial support so that the company is able to pay its debt as and when they fall due.

METRO CITY CHOW FOODS CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

		December 31 2024		2023
UNAPPROPRIATED RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION, BEGINNING	Ps.	(3,239,217)	Ps.	(2,663,329)
NET INCOME ACTUALLY EARNED / REALIZED DURING THE PERIOD				
Reacquisition of shares		-		-
Net income during the period closed to retained earnings		(309,860)		(388,625)
Non-actual/Unrealized income of tax				
Equity in income of associate/joint venture		-		-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents		-		-
Changes in revaluation increment earned through additional depreciation charge		-		-
Deferred income tax pertaining to property sold		-		-
Unrealized actuarial gain		-		-
Fair value adjustment (M2M gains)		-		-
Fair value adjustment of property resulting to gain		-		-
Adjustment due to deviation from PFRS / GAAP gain		-		-
Other unrealized gains or adjustment to the retained earnings as a result of certain transactions accounted for under PFRS		-		(187,263)
Total Non-Actual/Unrealized Income Net of Tax		(309,860)		(575,888)
Non-actual losses				
Depreciation on revaluation increment (after tax)		-		-
Adjustment due to deviation from PFRS / GAAP - loss		-		-
Loss on fair value adjustment of investment property (after tax)		-		-
Net income actually earned during the period		(309,860)		(575,888)
TOTAL UNAPPROPRIATED RETAINED EARNINGS		(3,549,077)		(3,239,217)
Dividend declarations during the period		-		-
Appropriations of retained earnings during the period		-		-
Reversals of appropriations		-		-
Effects of prior period adjustments		-		-
Treasury shares		-		-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDENDS	Ps.	(3,549,077)	Ps.	(3,239,217)
Appropriated per financial statements	Ps.	-	Ps.	-
Less appropriation for dividends				
Adjusted appropriated retained earnings		-		-
Unappropriated per financial statements		(3,549,077)		(3,239,217)
Add appropriation for dividends				
Adjusted unappropriated retained earnings available for dividends		(3,549,077)		(3,239,217)
TOTAL RETAINED EARNINGS PER FINANCIAL STATEMENTS	Ps.	(3,549,077)	Ps.	(3,239,217)

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STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

We, the appointed independent auditor of **METRO CITY CHOW FOODS CORPORATION** (the "Company"), do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 17 of the Notes to Financial Statements.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2027)
SEC Accreditation No. 0161-SEC (AFS 2023-2027)
BSP Accreditation No. 0161-BSP (AFS 2021-2025)
CDA CEA No. 032-AF

By:

JUAN C. FRIVALDO
CPA Certificate No. 0098229 (February 18, 1999)
BOA Accreditation No. 0161/P-003 (November 18, 2027)
BIR AN 19-007743-001-2022 (December 13, 2025)
TIN: 912-933-298
PTR No. 0466263D (January 02, 2025)

Davao City, Philippines
March 31, 2025

Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
Unit 6 Dakudao Building,
Gov. Duterte Street,
Davao City, Philippines

Telephone: (082) 221-9069
Fax: (6382) 221-9069
Email: jqelises@yahoo.com

THELMA S. CIUDADANO
3rd Flr. JRT Building,
104 V. Bustre Street,
Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **METRO CITY CHOW FOODS CORPORATION** covering the period **January 1, 2024 to December 31, 2024** that are herewith submitted to the Securities and Exchange Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make this representation in my individual capacity and as a partner in the accounting firm of **ELISES & CIUDADANO (A Professional Firm of Certified Public Accountants).**

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2027)
SEC Accreditation No. 0161-SEC (AFS 2023-2027)
BSP Accreditation No. 0161-BSP (AFS 2021-2025)
CDA CEA No. 032-AF

By:

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Davao City, Philippines
March 31, 2025

Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)

JOSE Q. ELISES
Unit 6 Dakudao Building,
Gov. Duterte Street,
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Telephone: (082) 221-9069
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Email: jqelises@yahoo.com

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Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

"Dedicated to Excellence and Quality Service"

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
METRO CITY CHOW FOODS CORPORATION
Belej Building, San Pedro Street
Davao City, Philippines

We have audited the financial statements of **METRO CITY CHOW FOODS CORPORATION** (the "Company") for the year ended **December 31, 2024**, on which we have rendered the attached report dated March 31, 2025.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the said Company has a total number of two (2) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2027)
SEC Accreditation No. 0161-SEC (AFS 2023-2027)
BSP Accreditation No. 0161-BSP (AFS 2021-2025)
CDA CEA No. 032-AF

By:

JUAN C. FRIVALDO
CPA Certificate No. 0098229 (February 18, 1999)
BOA Accreditation No. 0161/P-003 (November 18, 2027)
BIR AN 19-007743-001-2022 (December 13, 2025)
TIN: 912-933-298
PTR No. 0466263D (January 02, 2025)

Davao City, Philippines
March 31, 2025

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-8, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of Twenty nine (29) page (s).

Verified by: ____________ dated April 8 2026

ISSUED TO:

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "LLLLLLL"

4/29/08

CITY HALL KING CHOW FOODS CORPORATION

SEC REGISTRATION NO. CS2007-27773

2ND FLOOR MIESTER BAKER BUILDING, BOLTON ST., DAVAO CITY

DECEMBER 31

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2007

SEC – CORPORATE REGISTRATION AND MONITORING DEP'T

FIVE (5) STOCKHOLDERS

A742 8 APR 29 A7:4

SECURITIES AND EXCHANGE COMMISSION
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CFRD-CRMD

SEC NUMBER CS200727773
FILE NUMBER ______

CITY HALL KING CHOW FOODS CORPORATION
(Company's Full Name)

Corner City Hall Drive San Pedro St., Davao City
(Company's Address)

(082) 2212397
(Telephone Number)

December 31
(Calendar Year Ending)

Financial Statements-short form
(Form Type)

N/A
(Amendment Designation, if applicable)

December 31, 2007
(Period Ended Date)

N/A
(Secondary License Type and Number)

CITY HALL KING CHOW FOODS CORPORATION

City Hall Drive, San Pedro St., Davao City
Tel No. 2212397

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of City Hall King Chow Foods Corporation is responsible for all the information and representations contained in the financial statements for the years ended December 31, 2006 and 2007. The financial statement have been prepared in conformity with the generally accepted in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, managements maintains a system of accounting and reporting which provides for the necessary internal controls to ensure the transaction are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such are approved and submitted to the stockholders of the company.

ENRICO S. QUEZADA, the independent auditor and appointed by the stockholders, has examined the financial statement of the company in accordance with the generally accepted auditing standards and has expressed its' opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

Jaime T. Cruz
(Name & Signature)
Chairman of the Board

William T. Cruz
(Name & Signature)
Chief Executive Officer

Celerino P. Eralino
(Name &Signature)
Chief Financial Officer

ENRICO S. QUEZADA
Certified Public Accountant

Unit 16, EPJ Building
Basak, Lapu-lapu City
Cebu

TeleFax No. (063) 3406708
BOA Accreditation No. 2705

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of client corporation which are to be submitted to the Commission, I hereby represent the following:

1. That I am active in the practice of accounting profession and duly registered with the Board of Accountancy (BOA);

2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles; I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;

3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;

4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion; and

5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and

6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity.

ENRICO S. QUEZADA
PRC/BOA Registered Practitioner No. 2705
Until March 2, 2009
PTR No. 1708939, issued on January 7, 2008
at Lapu-Lapu City, Cebu
Tax Identification No. 926-628-179

March 25, 2008

ENRICO S. QUEZADA
Certified Public Accountant

Unit 16, EPJ Building
Basak, Lapu-lapu City
Cebu

TeleFax No. (063) 3406708
BOA Accreditation No. 2705

To the Stockholders and Board of Directors of
CITY HALL CHOW FOODS CORPORATION
2nd Floor Miester Baker Building, Bolton St.
Davao City

I have examined the financial statements of **City Hall Chow Foods Corporation** for the eight month period ended December 31, 2007, on which I have rendered the attached report dated March 25, 2008.

In compliance with SRC Rule 68, I am stating that the said company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

ENRICO S. QUEZADA
CPA Certificate No. 103563
PRC/BOA Registered Practitioner No. 2705
Until March 2, 2009
PTR No. 1708939, issued on January 7, 2008
at Lapu-lapu City, Cebu
Tax Identification No. 926-628-179
BIR Accreditation No. 13-003357-1-2006

Lapu-Lapu City, Cebu
March 25, 2008

CITY HALL KING CHOW FOODS CORPORATION

FINANCIAL STATEMENTS
DECEMBER 31, 2007

SECURITIES AND EXCHANGE COMMISSION
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CITY HALL KING CHOW FOODS CORPORATION

FINANCIAL STATEMENTS
DECEMBER 31, 2007

Unit 16, EPJ Building
Basak, Lapu-lapu City
Cebu

ENRICO S. QUEZADA
Certified Public Accountant

TeleFax No. (063) 3406708
BOA Accreditation No. 2705

Report of Independent Accountant

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
2nd Floor Miester Baker Building, Bolton St.
Davao City

I have audited the accompanying financial statements of **City Hall King Chow Foods Corporation,** which comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the eight month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

SECURITIES AND EXCHANGE COMMISSION
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In my opinion, the financial statements present fairly, in all material respect, the financial position of **City Hall King Chow Foods Corporation** as of December 31, 2007 and of its financial performance and its cash flows for the eight-month period then ended, in accordance with Philippine Financial Reporting Standards.

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 8 to the financial statements, the company had incurred losses from operations and has a capital deficiency that raise substantial doubt about its capability to continue as a going concern. Management's plans in regard to these matters are described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

ENRICO S. QUEZADA
CPA Certificate No. 103563
PRC/BOA Registered Practitioner No. 2705
Until March 2, 2010
PTR No. 1708939, issued on January 7, 2008
at Lapu-Lapu City, Cebu
Tax Identification No. 926-628-179
BIR Accreditation No. 13-003357-1-2006

Lapu-Lapu City, Cebu
March 25, 2008

CITY HALL KING CHOW FOODS CORPORATION

BALANCE SHEET
December 31, 2007

		Amount
ASSETS		
CURRENT ASSETS		
Cash (Note 2)	P	3,608,804
Receivables (Note 2)		317,337
Inventory (Note 2 and 3)		115,961
Prepayments		59,977
Total Current Assets		**4,102,079**
PROPERTY AND EQUIPMENT, net (Notes 2 and 4)		**8,837,733**
OTHER ASSETS		**1,535,406**
	P	**14,475,218**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	P	9,599,633
Total Current Liabilities		**9,599,633**
ADVANCES FROM STOCKHOLDERS (Note 5)		**5,000,000**
CAPITAL DEFICIENCY		
Capital stock Authorized 50,000 shares at P100 par value each, P5,000,000; Subscribed capital stock, 12,500 shares at par, net of subscriptions receivable		312,500
Deficit		(436,915)
		(124,415)
	P	**14,475,218**

(See accompanying notes to financial statements.)

CITY HALL KING CHOW FOODS CORPORATION

INCOME STATEMENT
For the Eight Months Ended December 31, 2007

		Amount
SALES REVENUE (Note2)	P	10,933,534
COST OF GOODS SOLD (Note 6)		9,598,171
GROSS PROFIT		**1,335,363**
GENERAL AND ADMINISTRATIVE EXPENSES (Note 7)		1,772,278
INCOME BEFORE INCOME TAX		**(436,915)**
PROVISION FOR INCOME TAX (Note 2)		-
NET INCOME FOR THE YEAR	**P**	**(436,915)**

(See accompanying notes to financial statements)

SECURITIES AND EXCHANGE COMMISSION
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CITY HALL KING CHOW FOODS CORPORATION

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Eight Months Ended December 31, 2007

		Capital Stock		Retained Earnings		Total
Balance as of May 9, 2007	P	312,500	P	-	P	312,500
Net income for the period		-		(436,915)		(436,915)
Balance as of December 31, 2007	**P**	**312,500**	**P**	**(436,915)**	**P**	**(124,415)**

(See accompanying notes to financial statements)

CITY HALL KING CHOW FOODS CORPORATION

STATEMENT OF CASH FLOWS
For the Eight Months Ended December 31, 2007

		Amount
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	P	(436,915)
Adjustment to reconcile net loss to net cash inflow from operating activities:		
Depreciation		2,075,388
(Increase) decrease in:		
Receivable		(317,337)
Inventories		(115,961)
Prepayments		(59,977)
Increase (decrease) in:		
Accounts Payable & Accrued Expenses		9,599,633
Net provided by operating activities		**10,744,831**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property plant & equipment		(10,913,121)
Acqusition of other assets		(1,535,406)
Net cash used in investing activities		**(12,448,527)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions		312,500
Advances from stockholders		5,000,000
Net cash provided by financing activities		**5,312,500**
INCREASE (DECREASE) IN CASH		
CASH		
January 1		-
December 31	**P**	**3,608,804**

(See accompanying notes to financial statements)

CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and for the Eight Months Ended December 31, 2007

Note 1- Corporate information

City Hall King Chow Foods Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to establish, operate maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at 2nd Floor Miester Baker Building, Bolton St, Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on April 1, 2008.

Note 2- Summary of significant accounting policies

Basis of preparation
The financial statements of the company were prepared in accordance with accounting principles generally accepted in the Philippines using historical cost basis.

Changes in accounting policies
The Company adopted the following Statements of Financial Accounting Standards (SFAS/International Accounting Standards (IAS);

- *SFAS 10/IAS 10, Events after Balance Sheet Date*, prescribes the accounting and disclosures related to adjusting and non-adjusting subsequent events. Additional disclosures required by the standard were included in the financial statements, principally the date of authorization for the issue of the financial statements.

- *SFAS 37/IAS 37, Provisions; Contingent Liabilities and Contingent Assets*, provides the criteria for the recognition and bases for measurement of provisions, contingent liabilities and contingent assets. It also specifies the disclosures that should be included with respect to these items.

Cash comprises cash on hand and in banks.

Receivables are stated at face value less an estimate made for doubtful accounts based on a review of all outstanding amounts at year-end. Bad debts are written off when identified.

Inventories are valued at the lower of cost or net realizable value. Cost is determined primarily on first-in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consist of its purchase price, including import duties, taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as maintenance and repairs.and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements	5 years
Store equipment	3-5 years
Furniture and fixtures	3-5 years

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Revenue is recognized to the extent that is probable that the economic benefits will flow to the enterprise and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- Revenue from sale of goods is recognized when delivery to and acceptance of goods by customer have taken place and transfer of risks and rewards has been completed; and
- Interest is recognized as the interest accrues.

Income tax
Deferred income tax is provided using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial reporting bases of assets and liabilities and their related tax bases, net operating loss carryover (NOLCO) and the carry forward benefit of the excess minimum corporate income tax (MCIT) over the regular corporate income tax. Deferred

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tax asset and liabilities are measured using the tax rate applicable to taxable income in the years in which those temporary differences are expected to be recovered or settled and NOLCO and MCIT are expected to be applied. A valuation allowance is provided for deferred tax assets when it is more likely than not that some or all of the deferred tax assets will not be realized in the future.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statement but disclosed when an inflow of economic benefits is probable.

Subsequent events
Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statement. Post year-end events that are not adjusting events are disclosed in the notes to financial statements

---

Note 3 - Inventory

Details of this account as of December 31, 2007 follow:

		Amount
Food and paper	**P**	**115,961**

Note 4 – Property and equipment

Details of this account as of December 31, 2007 follow:

		Amount
Leasehold rights and improvements	P	5,787,073
Store equipment		4,515,376
Furniture and fixtures		610,672
		10,913,121
Accumulated depreciation		(2,075,388)
	P	**8,837,733**

Note 5- Related party transactions

The Company, in its regular conduct of business, availed of advances from its stockholders. These advances are non-interest bearing and with no definite repayments period.

Notes 6- Cost of goods sold

Details of this account as of December 31, 2007 follow:

	Amount
Food	P 4,139,136
Depreciation	2,075,388
Salaries and wages	1,089,004
Light and power	642,784
Supplies	585,780
Paper	164,296
Repairs and maintenance	74,517
Miscellaneous	827,266
	P 9,598,171

Note 7- General and administrative expenses

Details of this account as of December 31, 2007 follow:

	Amount
Royalties	P 546,677
Advertisement	546,676
Rental	530,346
Secretarial & janitorial	72,535
Transportation	24,230
Telephone & postage	17,613
Insurance	17,098
Business meetings & conferences	14,866
Taxes & licenses	2,237
	1,772,278

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Note 8- Going concern uncertainty

There is uncertainty in the Company's capability to continue as a going concern due to capital deficiency of as at December 31, 2006 amounting to P124,415. This resulted from losses from current year's operation of P436,915. In response to this current condition, the Company is designing marketing strategies to improve sales revenue.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-13, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of EIGHTEEN (18) page (s).

Verified by: ______ dated APRIL - 13 2026

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "MMMMMMM"

SEC NUMBER CS200727773
FILE NUMBER ________

CITY HALL KING CHOW FOODS CORPORATION
(Company's Full Name)

Corner City Hall Drive San Pedro St., Davao City
(Company's Address)

(082) 2212397
(Telephone Number)

December 31
(Calendar Year Ending)

Financial Statements-short form
(Form Type)

N/A
(Amendment Designation, if applicable)

December 31, 2008
(Period Ended Date)

N/A
(Secondary License Type and Number)

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DAVAO
OFFICE

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CITY HALL KING CHOW FOODS CORPORATION

City Hall Drive, San Pedro St., Davao City
Tel No. 2212397

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of City Hall King Chow Foods Corp. is responsible for all the information and representations contained in the financial statements for the years ended December 31, 2007 and 2008. The financial statement have been prepared in conformity with the generally accepted in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, managements maintains a system of accounting and reporting which provides for the necessary internal controls to ensure the transaction are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such are approved and submitted to the stockholders of the company.

ENRICO S. QUEZADA, the independent auditor and appointed by the stockholders, has examined the financial statement of the company in accordance with the generally accepted auditing standards and has expressed its' opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

Jaime T. Cruz
(Name & Signature)
Chairman of the Board

William T. Cruz
(Name & Signature)
Chief Executive Officer

Celerino P. Eraltnio
(Name &Signature)
Chief Financial Officer

SECURITIES AND EXCHANGE COMMISSION
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ENRICO S. QUEZADA
Certified Public Accountant

Unit 16, EPJ Building
Basak, Lapu-lapu City
Cebu

TeleFax No. (063) 3406708
BOA Accreditation No. 2705

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of client-corporation which are to be submitted to the Commission, I hereby represent the following:

1. That I am active in the practice of accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles; I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion; and
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity.

ENRICO S. QUEZADA
PRC/BOA Registered Practitioner No. 2705
Until December 31, 2009
PTR No. 2241537, issued on January 6, 2009
at Lapu-Lapu City, Cebu
Tax Identification No. 926-628-179

March 1, 2009

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APR 15 2009

ENRICO S. QUEZADA
Certified Public Accountant

Unit 16, EPJ Building
Basak, Lapu-lapu City
Cebu

TeleFax No. (063) 3406708
BOA Accreditation No. 2705

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
2nd floor, Meister Baker Building,
Bolton St., Davao City

I have examined the financial statements of **City Hall King Chow Foods Corporation** for the year ended December 31, 2008, on which I have rendered the attached report dated March 1, 2009.

In compliance with SRC Rule 68, I am stating that the said company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

ENRICO S. QUEZADA
CPA Certificate No. 103563
PRC/BOA Registered Practitioner No. 2705
Until December 31, 2009
PTR No. 2241537, issued on January 6, 2009
at Lapu-Lapu City, Cebu
Tax Identification No. 926-628-179
BIR Accreditation No. 13-003357-1-2006

Lapu-Lapu City, Cebu
March 1, 2009

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APR 15 2009

CITY HALL KING CHOW FOODS CORPORATION

FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

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APR 15 2009

ENRICO S. QUEZADA
Certified Public Accountant

Unit 16, EPJ Building
Basak, Lapu-lapu City
Cebu

TeleFax No. (063) 3406708
BOA Accreditation No. 2705

Independent Auditor's Report

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
2nd floor, Meister Baker Building,
Bolton St., Davao City

I have audited the accompanying financial statements of **CITY HALL KING CHOW FOODS CORPORATION**, which comprise the balance sheets as at December 31, 2008 and 2007, and the income statements, statements of changes in equity and cash flow statements for the years then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards in the Philippines for non-publicly accountable entities as described in Note 2 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respect, the financial position of **CITY HALL KING CHOW FOODS CORPORATION** as of the years December 31, 2008 and 2007 and of its financial performance and its cash flows for the year then ended, in accordance with the financial reporting standards in the Philippines for non-publicly accountable entities described in Note 2 to the Financial Statements.

ENRICO S. QUEZADA
CPA Certificate No. 103563
PRC/BOA Registered Practitioner No. 2705
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PTR No. 2241537, issued on January 6, 2009
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Lapu-Lapu City, Cebu
March 1, 2009

ENRICO S. QUEZADA
Certified Public Accountant

Unit 16, EPJ Building
Basak, Lapu-lapu City
Cebu

TeleFax No. (063) 3406708
BOA Accreditation No. 2705

Statement Required by Section 8-A,
Revenue Regulations No. V-1

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
2nd floor, Meister Baker Building,
Bolton St., Davao City

The undersigned have no financial interest in the Company or any family relationships with its president, manager, or principal stockholders.

The required information regarding taxes is shown in the attached statement of taxes paid or accrued during the years.

ENRICO S. QUEZADA
CPA Certificate No. 103563
PRC/BOA Registered Practitioner No. 2705
Until December 31, 2009
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Tax Identification No. 926-628-179
BIR Accreditation No. 13-003357-1-2006

Lapu-Lapu City, Cebu
March 1, 2009

CITY HALL KING CHOW FOODS CORPORATION

BALANCE SHEET
December 31, 2008
(With comparative figures for 2007)

	Notes	2008	2007
ASSETS			
CURRENT ASSETS			
Cash	2.3.1	P 5,075,378	P 3,608,804
Accounts receivable	2.3.2	401,282	317,337
Inventory	2.3.3 & 3	161,702	115,961
Prepayments		130,570	59,977
		5,768,932	4,102,079
NON-CURRENT ASSETS			
Property and equipment, net	2.3.4 & 4	9,735,448	8,837,733
Other assets		885,963	1,535,406
		10,621,411	10,373,139
TOTAL ASSETS		P 16,390,343	P 14,475,218
LIABILITIES AND CAPITAL DEFICIENCY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses		P 11,969,659	P 9,599,633
		11,969,659	9,599,633
NON-CURRENT LIABILITIES			
Advances from stockholders	5	5,000,000	5,000,000
Total Liabilities		16,969,659	14,599,633
CAPITAL DEFICIENCY			
Capital Stock			
Authorized 50,000 shares at P100 par value each, P5,000,000; Subscribed capital stock, 12,500 shares at par, net of subscriptions receivable		312,500	312,500
Deficit		(891,816)	(436,915)
(Total capital deficiency		(579,316)	(124,415)
LIABILITIES AND CAPITAL DEFICIENCY		P 16,390,343	P 14,475,218

(See accompanying notes to financial statements)

CITY HALL KING CHOW FOODS CORPORATION

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008
(With comparative figures for 2007)

	Notes		2008		2007
SALES REVENUE	2.3.5	P	20,738,950	P	10,933,534
COST OF GOODS SOLD	6		17,492,542		9,598,171
GROSS PROFIT			3,246,408		1,335,363
GENERAL AND ADMINISTRATIVE EXPENSES	7		3,701,309		1,772,278
INCOME BEFORE INCOME TAX			(454,901)		(436,915)
PROVISION FOR INCOME TAX	2.3.6 & 8		-		-
NET LOSS FOR THE YEAR		P	(454,901)	P	(436,915)

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008
(With comparative figures for 2007)

	Capital Stock	Retained Earnings	Total
Balance as of March 9, 2007	P 312,500	P -	P 312,500
Net loss for the year		(436,915)	(436,915)
Balance as of December 31, 2007	312,500	(436,915)	(124,415)
Net loss for the period		(454,901)	(454,901)
Balance as of December 31, 2008	**P 312,500**	**P (891,816)**	**P (579,316)**

(See accompanying notes to financial statements)

CITY HALL KING CHOW FOODS CORPORATION

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2008
(With comparative figures for 2007)

	Notes	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		P (454,901)	P (436,915)
Adjustment to reconcile net income to net cash by operating activities			
Depreciation	4	2,902,284	2,075,388
Decrease in:			
Receivable		(83,945)	(317,337)
Inventories		(45,741)	(115,961)
Prepayments		(70,593)	(59,977)
Increase in:			
Accounts payable & accrued expenses		2,370,026	9,599,633
Income tax payable			
Net cash provided by operating activities		4,617,130	10,744,831
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant & equipment	4	(3,799,999)	(10,913,121)
Disposal of other assets	4	649,443	(1,535,406)
Net cash provided used in investing activities		(3,150,556)	(12,448,527)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from stockholders		-	312,500
Advances from stockholders	5	-	5,000,000
Net cash provided by financing activities		-	5,312,500
INCREASE IN CASH		1,466,574	3,608,804
CASH			
January 1		3,608,804	-
December 31		P 5,075,378	P 3,608,804

(See accompanying notes to financial statements)

CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2008
(With comparative figures for 2007)

Note 1- Corporate information

City Hall King Chow Foods Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to establish, operate maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at 2nd floor, Meister Baker Building, Bolton St., Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 1, 2009.

Note 2- Summary of significant accounting policies

2.1 *Basis of preparation of financial statements*

(a) *Statement of compliance with Philippine Financial Reporting Standards for NPAEs*

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the Philippines applicable to non-publicly accountable entities (NPAEs) as set forth in Philippine Accounting Standards (PAS 101) (as amended), *Financial Reporting Standards for NPAEs*, issued and approved by the Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission, effective for periods beginning or after January 1, 2005. PAS 101 will continue in effect unless withdrawn by the FRSC. PAS 101 provides an option to NPAEs to apply any of the new Philippine Accounting Standards (PASs) and Philippine Financial Reporting Standards (PFRSs) that became effective in 2005 and subsequently, or to apply all or some of the relevant new accounting standards.

The Company has qualified as an NPAE under PAS 101 and it has opted to apply the applicable financial reporting standards effective as of December 31, 2004, and some of the PASs and PFRSs that became effective in 2005, which are relevant to the Company.

(b) *Functional currency*

The financial statements are presented in Philippine peso, the Company's functional currency.

2.2 *Impact of new standards, amendments and interpretations to existing standards*

(a) *Effective 2008*

In 2008, there were no new and amended standards and Philippine interpretations that were relevant to the Company's operations.

(b) *Effective subsequent to 2008*

PAS 1 (revised) "Presentation of Financial Statements" which will take effect in January 1, 2009 is relevant to the Company's operations. This standard introduces many textual changes, including changes to the titles of individual financial statements. The most significant impacts of the amendments to the standard are as follows:

- A new requirement has been introduced to include a statement of financial position at the beginning or the earliest period whenever an entity items in its financial statements, or when it reclassifies an item in its financial statements;

- All items of income and expense (including those accounted for directly in equity) must be presented either in a single statement (a statement of comprehensive income) or in two statements (a separate "income statement" and "statement of comprehensive income");

- Entities are no longer permitted to present items of "other comprehensive income" separately in the statement of changes in equity. Such non-owner movements must be presented in a statement of comprehensive income and the total carried to the statement of changes in equity;

- Entities are no longer permitted to present transactions with owners in their capacity as owners in the notes – the statement of changes in equity must be presented as a separate financial statements; and

- New detailed requirements have been introduced regarding the presentation of items of other comprehensive income.

The Company will apply the amendments to PAS 1 in 2009 in accordance with the transitional provisions applicable to the Company. It is currently evaluating the impact of these standards on the financial statements, and has initially determined that the abovementioned standards and amendments will not materially affect the statements of 2009 as well as the future periods.

2.3 Significant accounting policies and accounting judgments and estimates

The financial statements have been prepared on the historical cost basis.

Management is required to make judgments, estimates and assumptions in the preparation of financial statements. Although these estimates and assumptions are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on continuing bases and any revisions to accounting estimates are recognized properly.

The measurement bases are more fully described in the accounting policies below.

2.3.1. Cash and cash equivalents comprise of cash on hand and in banks, which are subject to insignificant risk of changes in value.

2.3.2. Receivables are stated at face value less an estimate made for doubtful accounts based on a review of all outstanding amounts at year-end. Bad debts are written off when identified.

2.3.3. Inventories are valued at the lower of cost or net realizable value. Cost is determined primarily on first-in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

2.3.4. Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consist of its purchase price, including import duties, taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as maintenance and repairs and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements	5 years
Store equipment	3-5 years
Furniture and fixtures	3-5 years

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

2.3.5. Revenue is recognized to the extent that is probable that the economic benefits will flow to the enterprise and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- Revenue from sale of goods is recognized when delivery to and acceptance of goods by customer have taken place and transfer of risks and rewards has been completed; and

- Interest is recognized as the interest accrues.

2.3.6. Income tax. Deferred income tax is provided using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial reporting bases of assets and liabilities and their related tax bases, net operating loss carryover (NOLCO) and the carry forward benefit of the excess minimum corporate income tax (MCIT) over the regular corporate income tax. Deferred tax asset and liabilities are measured using the tax rate applicable to taxable income in the years in which those temporary differences are expected to be recovered or settled and NOLCO and MCIT are expected to be applied. A valuation allowance is provided for deferred tax assets when it is more likely than not that some or all of the deferred tax assets will not be realized in the future.

2.3.7. Contingencies. Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statement but disclosed when an inflow of economic benefits is probable.

2.3.8. Subsequent events. Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statement. Post year-end events that are not adjusting events are disclosed in the notes to financial statements.

Note 3 – Inventory

Details of this account follows:

		2008		2007
Food and paper	P	161,702	P	115,961
	P	161,702	P	115,961

Note 4 – Property and equipment

Details of this account as of December 31, 2008 follow:

☐	Leasehold rights and improvements	Store equipment	Furniture and fixtures	Total
Balance at cost, January 1, 2007	P 5,787,073	P 4,515,376	P 610,672	P 10,913,121
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at cost, December 31, 2007	5,787,073	4,515,376	610,672	10,913,121
Additions	2,000,000	1,249,999	550,000	3,799,999
Disposals	-	-	-	-
Balance at cost, December 31, 2008	**P 7,787,073**	**P 5,765,375**	**P 1,160,672**	**P 14,713,120**
Accumulated Depreciation, January 1, 2007				
Depreciation charge	726,385	1,037,694	311,309	2,075,388
Disposals	-	-	-	-
Accumulated Depreciation, December, 31 2007	726,385	1,037,694	311,309	2,075,388
Depreciation charge	1,015,799	1,306,028	580,457	2,902,284
Disposals	-	-	-	-
Accumulated Depreciation, December, 31 2008	**P 1,742,184**	**P 2,343,722**	**P 891,766**	**P 4,977,672**
Net book values at				
December 31, 2008	6,044,889	3,421,653	268,906	9,735,448
December 31, 2007	5,060,688	3,477,682	299,363	8,837,733

Note 5- Related party transactions

Advances from stockholders pertained to temporary borrowings to bridge the funding requirements of the Company. These account balances are presented as advances to stockholders, net of receivable balance, since these transactions were made by the same stockholders.

The Company has no specific agreements with related parties. Borrowings from related parties are non-interest bearing.

Notes 6- Cost of goods sold

Details of this account as of December 31, 2008 follow:

		2008		2007
Food	P	**7,697,047**	P	4,139,136
Depreciation		**2,902,284**		2,075,388
Salaries and wages		**2,797,208**		1,089,004
Supplies		**1,219,216**		585,780
Light and power		**1,176,623**		642,784
Paper		**400,538**		164,296
Repairs and maintenance		**258,925**		74,517
Miscellaneous		**1,040,701**		827,266
	P	**17,492,542**		9,598,171

Note 7- General and administrative expenses

Details of this account as of December 31, 2008 follow:

		2008		2007
Rental	P	**1,047,886**	P	530,346
Advertisement		**1,036,948**		546,676
Royalties		**1,036,948**		546,677
Business meeting & conferences		**315,302**		14,866
Transportation		**68,335**		24,230
Security services		**61,209**		72,535
Taxes & License		**59,476**		2,237
Insurance		**40,694**		17,098
Postage telephone and telegraph		**34,511**		17,613
	P	**3,701,309**	P	1,772,278

Note 8- Income taxes

Income tax expense for the years ended December 31 follow:

		2008	2007
Income tax expense reported in the statement of income	P		

The Company's regular corporate income tax for the years December 31, 2008 and 2007 exceeded its MCIT, to wit:

		2008		2007
Regular income tax	P	-	P	-
MCIT		Exempt		Exempt
Excess of regular income tax over MCIT	P	-	P	-

The income tax computed at statutory rate reconciles with the provision for income tax shown in the statements of income.

Republic Act (RA) No. 9337, otherwise known as the "Expanded Value Added Tax (EVAT) of 2005" was enacted into law amending various provisions in the existing 1997 National Internal Revenue Code (NIRC) and became effective on November 1, 2005. Among the reforms introduced by said RA include:

- Increase in the corporate income tax rate from 32% to 35% with reduction thereof to 30% beginning January 1, 2009;
- Imposition of a 70% cap on the input tax credit which a taxpayer could claim against output tax in the event that total input tax credits are higher than the output tax. In such case, the taxpayer is required to remit a minimum of 30% of the total output tax due.
- Input tax on capital goods shall be claimed on a staggered basis over 60 months or the useful life of the related assets, whichever is shorter; and
- Increase of the VAT rate from 10% to 12% upon declaration of the President of the Republic of the Philippines effective February 1, 2006.

On November 21, 2006, under Republic Act 9361, the NIRC was amended anew with the deletion of the provision imposing the 70% cap on input tax that may be credited in every taxable quarter.

Note 9 - Going concern uncertainty

There is uncertainty in the Company's capability to continue as a going concern due to capital deficiency as at December 31, 2008 amounting to P 579,316 (2007-P124,415). This resulted from accumulated deficit of P891,816 (2007-P579,306) and the losses from operations over the past years. In response to this current condition, the Company is designing marketing strategies to improve sales revenue.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-13, 2016

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of NINETEEN (19) page (s).

Verified by: ______________ dated APRIL-13 2016

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX “NNNNNNN”

SEC NUMBER CS 200727773
FILE NUMBER ____________

CITY HALL KING CHOW FOODS CORPORATION
(Company's Full Name)

Corner City Hall Drive San Pedro St., Davao City
(Company's Address)

(082) 2212397
(Telephone Number)

December 31
(Calendar Year Ending)

Financial Statements-short form
(Form Type)

N/A
(Amendment Designation, if applicable)

December 31, 2009
(Period Ended Date)

N/A
(Secondary License Type and Number)

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CITY HALL KING CHOW FOODS CORPORATION

City Hall Drive, Corner San Pedro St, Davao City
Tel No. 2212397

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of City Hall King Chow Foods Corporation is responsible for all the information and representations contained in the financial statements for the years ended December 31, 2008 and 2009. The financial statement have been prepared in conformity with the generally accepted in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, managements maintains a system of accounting and reporting which provides for the necessary internal controls to ensure the transaction are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such are approved and submitted to the stockholders of the company.

MARY GRACE DE JESUS, the independent auditor and appointed by the stockholders, has examined the financial statement of the company in accordance with the generally accepted auditing standards and has expressed its' opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

Jaime T. Cruz
(Name & Signature)
Chairman of the Board

William T. Cruz
(Name & Signature)
Chief Executive Officer

Celerino P. Eralino
(Name &Signature)
Chief Financial Officer.

14813.0039.0002

MARY GRACE D. DE JESUS
Certified Public Accountant

22 Santos Subd.
Bangkal, Davao City

TeleFax No. (063) (2286695)
BOA Accreditation No. 4393

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of client corporation which are to be submitted to the Commission, I hereby represent the following:

1. That I am active in the practice of accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with Philippine Financial Reporting Standards in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles; I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion; and
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representation in my individual capacity.

MARY GRACE D. DE JESUS
CPA Certificate No. 0105886
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2011
PTR No. 8447205, issued on January 15, 2010 at Davao City
Tax Identification No. 928-489-472

March 5, 2010

14819.0039.0003

22 Santos Subd.
Bangkal, Davao City

MARY GRACE D. DE JESUS
Certified Public Accountant

TeleFax No. (063) (2286695)
BOA Accreditation No. 4393

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
2nd floor, Meister Baker Building,
Bolton St., Davao City

I have examined the financial statements of **City Hall King Chow Foods Corporation** for the year ended December 31, 2009, on which I have rendered the attached report dated March 5, 2010.

In compliance with SRC Rule 68, I am stating that the said company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

MARY GRACE D. DE JESUS
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PTR No. 8447205, issued on January 15, 2010 at Davao City
Tax Identification No. 928-489-472

Davao City

March 5, 2010

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22 Santos Subd.
Bangkal, Davao City

MARY GRACE D. DE JESUS
Certified Public Accountant

TeleFax No. (063) (2286695)
BOA Accreditation No. 439

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Independent Auditor's Report

To the Board of Directors of
CITY HALL KING CHOW FOODS CORPORATION
2nd floor Meister Baker Building
Bolton Street, Davao City

I have audited the accompanying financial statements of **CITY HALL KING CHOW FOODS CORPORATION**, which comprise the statements of financial position as at December 31, 2009 and the statements of comprehensive income, statements of changes in equity and statements of cash flow for the year then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

The financial statements for the previous period were examined by another auditor whose report dated March 1, 2009 expressed an unqualified opinion on the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards in the Philippines for non-publicly accountable entities as described in Note 2 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **CITY HALL KING CHOW FOODS CORPORATION** as of December 31, 2009 and of its financial performance and its cash flows for the year then ended, in accordance with the accounting principles generally accepted in the Philippines for non-publicly accountable entities as described in Note 2 to the Financial Statements.

Emphasis of Matter

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 9 to the financial statements, the company has a capital deficiency that raises substantial doubt about its capability to continue as a going concern. Management's plans in regard to these matters are described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

MARY GRACE D. DE JESUS
CPA Certificate No. 0105886
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2011
PTR No. 8447205, issued on January 15, 2010 at Davao City
Tax Identification No. 928-489-472

Davao City

March 5, 2010

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22 Santos Subd.
Bangkal, Davao City

MARY GRACE D. DE JESUS
Certified Public Accountant

TeleFax No. (063) (2286695)
BOA Accreditation No. 4393

Statement Required by Section 8-A,
Revenue Regulations No. V-1

To the Board of Directors of
CITY HALL KING·CHOW FOODS CORPORATION
2nd floor Meister Baker Building
Bolton Street, Davao City

The undersigned, states that I have no financial interest in the Company or any family relationships with its president, manager, or principal stockholders.

The required information regarding taxes is shown in the attached statement of taxes paid or accrued during the years.

MARY GRACE D. DE JESUS
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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

	Notes		2009		2008
ASSETS					
CURRENT ASSETS					
Cash	2.3.1	P	**1,961,245**	P	5,075,378
Accounts receivable	2.3.2		**550,245**		401,282
Inventory	2.3.3 & 3		**116,755**		161,702
Prepayments			**230,475**		130,570
Total Current Assets			**2,858,720**		5,768,932
NON-CURRENT ASSETS					
Property and equipment - net	2.3.4 & 4		**10,655,277**		9,735,448
Other assets			**750,295**		885,963
Total Non-current Assets			**11,405,572**		10,621,411
TOTAL ASSETS		P	**14,264,292**	P	16,390,343
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable and accrued expenses		P	**9,754,257**	P	11,969,659
Income tax payable	2.3.8 & 8		**1,625**		
Total Current Liabilities			**9,755,882**		11,969,659
NON-CURRENT LIABILITIES					
Advances from stockholders	2.3.7 & 5		**5,000,000**		5,000,000
Total Liabilities			**14,755,882**		16,969,659
EQUITY					
Capital Stock					
Authorized 50,000 shares at P100 par value each, P5,000,000; Subscribed capital stock, 12,500 shares at par, net of subscriptions receivable			**312,500**		312,500
Deficit	9		**(804,090)**		(891,816)
Total Capital Deficiency			**(491,590)**		(579,316)
LIABILITIES AND EQUITY		P	**14,264,292**	P	16,390,343

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Notes		2009		2008
SALES REVENUE	2.3.5	P	**20,975,924**	P	20,738,950
COST OF GOODS SOLD	2.3.6 & 6		**17,256,896**		17,492,542
GROSS PROFIT			**3,719,028**		3,246,408
GENERAL AND ADMINISTRATIVE EXPENSES	2.3.6 & 7		**3,593,705**		3,701,309
INCOME (LOSS)BEFORE INCOME TAX			**125,323**		(454,901)
PROVISION FOR INCOME TAX	2.3.6 & 8		**37,597**		-
NET INCOME (LOSS) FOR THE YEAR		**P**	**87,726**	P	(454,901)

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

		Capital Stock		Retained Earnings		Total
Balance as of January 1, 2008	P	312,500	P	(436,915)	P	(124,415)
Net loss for the year				(454,901)		(454,901)
Balance as of December 31, 2008		312,500		(891,816)		(579,316)
Net income for the year				87,726		87,726
Balance as of December 31, 2009	**P**	**312,500**	**P**	**(804,090)**	**P**	**(491,590)**

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Notes	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the year		P **87,726**	P (454,901)
Adjustment to reconcile net income to net cash provided by operating activities			
Depreciation	4	**2,330,171**	2,902,284
Operating income before changes in working capital		**2,417,897**	2,447,383
Changes in working capital			
(Increase) decrease in:			
Receivable		**(148,963)**	(83,945)
Inventories		**44,947**	(45,741)
Prepayments		**(99,905)**	(70,593)
Increase (decrease) in:			
Accounts payable & accrued expenses		**(2,215,402)**	2,370,026
Income tax payable	2.3.8 & 8	**1,625**	
Net cash provided by operating activities		**199**	4,617,130
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property & equipment	2.3.4 & 4	**(3,250,000)**	(3,799,999)
Disposal of other assets		**135,668**	649,443
Net cash used in investing activities		**(3,114,332)**	(3,150,556)
(DECREASE) INCREASE IN CASH		**(3,114,133)**	1,466,574
CASH			
January 1		**5,075,378**	3,608,804
December 31		P **1,961,245**	P 5,075,378

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Note 1- Corporate information

City Hall King Chow Foods Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to establish, operate maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater foods. The registered office of the Company is at 2nd floor, Meister Baker Building, Bolton St., Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 5, 2010.

Note 2- Summary of significant accounting policies

2.1 Basis of preparation of financial statements

(a) Basis of Preparation

The accompanying financial statements have been prepared using the historical cost basis and are presented in Philippine Peso, which is the Company's functional currency

(b) Statement of compliance with Philippine Financial Reporting Standards for NPAEs

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the Philippines applicable to non-publicly accountable entities (NPAEs) as set forth in Philippine Accounting Standards (PAS 101) (as amended), *Financial Reporting Standards for NPAEs,* issued and approved by the Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission, effective for periods beginning or after January 1, 2005. PAS 101 will continue in effect unless withdrawn by the FRSC. PAS 101 provides an option to NPAEs to apply any of the new Philippine Accounting Standards (PASs) and Philippine Financial Reporting Standards (PFRSs) that became effective in 2005 and subsequently, or to apply all or some of the relevant new accounting standards.

The Company has qualified as an NPAE under PAS 101 and it has opted to apply the applicable financial reporting standards effective as of December 31, 2004, and some of the PASs and PFRSs that became effective in 2005, which are relevant to the Company.

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(c) *Presentation of Financial Statements*

The financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements.* The Company presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(d) *Use of estimates*

The preparation of the accompanying financial statements in conformity with Philippine GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

2.2 *Adoption of New Interpretations, Revisions and Amendments to PFRS*

(a) *Effective in 2009 that are relevant to the Company*

In 2009, the Company adopted PAS 1 (Revised 2007), *Presentation of Financial Statements*, which requires an entity to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements: a separate statement of income and a statement of comprehensive income. Income and expense recognized in profit or loss is presented in the statement of income in the same way as the previous version of PAS 1. The statement of comprehensive income includes the profit or loss for the period and each component of income and expense recognized outside of profit or loss or the "non-owner changes in equity," which are no longer allowed to be presented in the statements of changes in equity, classified by nature (e.g., gains or losses on available-for-sale assets or translation differences related to foreign operations). A statement showing an entity's financial position at the beginning of the previous period is also required when the entity retrospectively applies an accounting policy or makes a retrospective restatement, or when it reclassifies items in its financial statements.

The Company's adoption of PAS 1 (Revised 2007) did not result in any material adjustments in its financial statements as the change in accounting policy only affects presentation aspects. The Company has elected to present a single statement of comprehensive income (see Note 2.1).

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(b) *Effective January 1, 2009 but not relevant to the Company*

The following amendments, interpretations and improvements to published standards are mandatory for accounting periods on or after January 1, 2009 but are not relevant to the Company's financial statements:

PAS 23 (Revised 2007)	:	Borrowing Costs
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures
2008 Annual Improvements to PFRS		
PAS 1 (Amendment)	:	Presentation of Financial Statements re: PAS 39
PAS 23 (Amendment)	:	Borrowing Costs re: PAS 39
PAS 36 (Amendment)	:	Impairment of Assets
PAS 38 (Amendment)	:	Intangible Assets
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement
PFRS 1 and PAS 27 (Amendments)	:	PFRS 1 – First time Adoption of PFRS and PAS 27 – Consolidated and Separate Financial Statements

(c) *Effective beyond 2009*

(i) *Philippine Financial Reporting Standards for Small and Medium Entities* - On October 13, 2009, the FRSC adopted PFRS for Small and Medium Entities (PFRS for SMEs) from the International Reporting Standards for Small and Medium Entities issued by the International Accounting Standards Board.

In PFRS for SMEs, many of the principles in the full PFRS for recognizing and measuring assets, liabilities, income and expenses have been simplified, topics not relevant to SMEs have been omitted, and the number of required disclosures has been significantly reduced.

PFRS for SMEs is effective for annual periods beginning January 1, 2010. It has transition rules that apply equally to all entities on first-time adoption of the standards which are based on the requirements of PFRS 1, *First-time adoption of PFRS.*

The Company does not expect any significant impact on its financial statements when it adopts the applicable provisions of the PFRS for SMEs in 2010.

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2.3 Significant accounting policies and accounting judgments and estimates

The financial statements have been prepared on the historical cost basis.

Management is required to make judgments, estimates and assumptions in the preparation of financial statements. Although these estimates and assumptions are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on a continuing basis and any revisions to accounting estimates are recognized properly.

The measurement bases are more fully described in the accounting policies below.

2.3.1 ***Cash and cash equivalents*** comprise of cash on hand and in banks, which are subject to insignificant risk of changes in value.

2.3.2 ***Receivables*** are stated at face value less an estimate made for doubtful accounts based on a review of all outstanding amounts at year-end. Bad debts are written off when identified.

2.3.3 ***Inventories*** are valued at the lower of cost or net realizable value. Cost is determined primarily on first-in, first out method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

2.3.4 ***Property and equipment*** are stated at historical cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consist of its purchase price, including import duties, taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as maintenance and repairs and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, namely leasehold improvements, store equipment and furniture and fixtures, of 5 years.

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The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited to or charged against operation.

The carrying values of leasehold improvements, store equipment and furniture and fixture are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The estimated recoverable amounts of property and equipment are the greater of the net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable parties, less the costs of disposal while value in use is the present value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statements of revenues and expenses.

2.3.5 ***Revenue*** is recognized to the extent that is probable that the economic benefits will flow to the enterprise and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- Revenue from sale of goods is recognized when delivery to and acceptance of goods by customer have taken place and transfer of risks and rewards has been completed; and
- Interest is recognized as the interest accrues.

2.3.6 ***Cost and expenses*** are recognized in the statement of revenues and expenses upon utilization of the service or at the date they are incurred. Payments for operating lease are to be recognized as an expense on the straight line basis, unless payments are structured to increase in line with expected general inflation or another systematic basis is better representative of the time pattern of the user's benefit.

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2.3.7 ***Related Party Relationships*** exist when one party has the ability to control, directly, or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and common significant influence. Such relationships also exist between the reporting Company and its key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

2.3.8 ***Income tax***. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the balance sheet date

Deferred income tax is provided using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial reporting bases of assets and liabilities and their related tax bases, net operating loss carryover (NOLCO) and the carry forward benefit of the excess minimum corporate income tax (MCIT) over the regular corporate income tax. Deferred tax asset and liabilities are measured using the tax rate applicable to taxable income in the years in which those temporary differences are expected to be recovered or settled and NOLCO and MCIT are expected to be applied. A valuation allowance is provided for deferred tax assets when it is more likely than not that some or all of the deferred tax assets will not be realized in the future.

2.4 ***Contingencies.*** Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statement but disclosed when an inflow of economic benefits is probable.

2.5 ***Subsequent events.*** Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statement. Post year-end events that are not adjusting events are disclosed in the notes to financial statements.

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Note 3 - Inventory

Details of this account as of December 31, 2009 follow:

		2009		2008
Food and paper	P	**116,756**	P	161,702

Note 4 - Property and equipment

Details of this account as of December 31 follow:

		Leasehold rights and improvements		Store equipment		Furniture and Fixtures		Total
Balance at cost, January 1, 2008	P	5,787,073	P	4,515,376	P	610,672	P	10,913,121
Additions		2,000,000		1,249,999		550,000		3,799,999
Disposals		-		-		-		-
Balance at cost, December 31, 2008		7,787,073		5,765,375		1,160,672		14,713,120
Additions		1,500,000		1,000,000		750,000		3,250,000
Disposals		-		-		-		-
Balance at cost, December 31, 2009	**P**	**9,287,073**	**P**	**6,765,375**	**P**	**1,910,672**	**P**	**17,963,120**
Accumulated Depreciation, January 1, 2008		726,385		1,037,694		311,309		2,075,388
Depreciation charge		1,015,799		1,306,028		580,457		2,902,284
Disposals		-		-		-		-
Accumulated Depreciation, December 31, 2008		1,742,184		2,343,722		891,766		4,977,672
Depreciation charge		1,161,085		815,560		353,526		2,330,171
Disposals		-		-		-		-
Accumulated Depreciation, December 31, 2009	**P**	**2,903,269**	**P**	**3,159,282**	**P**	**1,245,292**	**P**	**7,307,843**
Carrying amounts at **December 31, 2009**	**P**	**6,383,804**	**P**	**3,606,093**	**P**	**665,380**	**P**	**10,655,277**
December 31, 2008	P	6,044,889	P	3.421.653	P	268,906	P	9,735,448

Depreciation charged to cost of goods sold for the year ended December 31, 2009 amounted to **P2,330,171** (2008 - P2,902,284).

Note 5- Related party transactions

Advances from stockholders pertained to temporary borrowings to bridge the funding requirements of the Company. These account balances are presented as advances to stockholders, net of receivable balance, since these transactions were made by the same stockholders.

The Company has no specific agreements with related parties. Borrowings from related parties are non-interest bearing.

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Notes 6- Cost of goods sold

Details of this account as of December 31 follow:

		2009		2008
Food	P	**7,767,169**	P	7,697,047
Salaries and wages		**2,787,639**		2,797,208
Depreciation		**2,330,171**		2,902,284
Light and power		**1,260,348**		1,176,623
Supplies		**938,373**		1,219,216
Paper		**394,200**		400,538
Repairs and maintenance		**281,100**		258,925
Miscellaneous		**1,497,896**		1,040,701
	P	**17,256,896**	P	17,492,542

Note 7- General and administrative expenses

Details of this account as of December 31 follow:

		2009		2008
Rental	P	**1,058,387**	P	1,047,886
Royalties		**1,048,796**		1,036,948
Advertisement		**1,048,796**		1,036,948
Security services		**118,573**		61,209
Taxes & License		**108,031**		59,476
Insurance		**69,554**		40,694
Transportation		**43,804**		68,335
Postage telephone and telegraph		**39,341**		34,511
	P	**3,546,821**	P	3,701,309

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Note 8- Income taxes

Income tax expense for the years ended December 31 are as follows:

		2009		2008
Income tax expense reported in the statement of income at 30% (2008 – 35%)	P	37,597	P	0

The income tax computed at statutory rate reconciles with the provision for income tax shown in the statements of income.

Republic Act (RA) No. 9337, otherwise known as the "Expanded Value Added Tax (EVAT) of 2005" was enacted into law amending various provisions in the existing 1997 National Internal Revenue Code (NIRC) and became effective on November 1, 2005. Among the reforms introduced by said RA include:

- Increase in the corporate income tax rate from 32% to 35% with reduction thereof to 30% beginning January 1, 2009;
- Imposition of a 70% cap on the input tax credit which a taxpayer could claim against output tax in the event that total input tax credits are higher than the output tax. In such case, the taxpayer is required to remit a minimum of 30% of the total output tax due.
- Input tax on capital goods shall be claimed on a staggered basis over 60 months or the useful life of the related assets, whichever is shorter; and
- Increase of the VAT rate from 10% to 12% upon declaration of the President of the Republic of the Philippines effective February 1, 2006.

On November 21, 2006, under Republic Act 9361, the NIRC was amended anew with the deletion of the provision imposing the 70% cap on input tax that may be credited in every taxable quarter.

Note 9 - Going concern uncertainty

There is uncertainty in the Company's capability to continue as a going concern due to capital deficiency as at December 31, 2009 amounting to P491,590 (2008 - P579,316). This resulted from accumulated deficit of P 804,090 (2008 - P 891,816) due to losses from operations over the past years. In response to this current condition, the Company [illegible] designing marketing strategies to improve sales revenue.

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DISTRICT NO. 113

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4 — 13, 20 26

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY (20) page (s).

Verified by: __________ dated APRIL - 13, 20 26

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

17395 1383

ANNEX "OOOOOOO"

SEC NUMBER CS 200727773
FILE NUMBER ______________

CITY HALL KING CHOW FOODS CORPORATION
(Company's Full Name)

Corner City Hall Drive San Pedro St., Davao City
(Company's Address)

(082) 2212397
(Telephone Number)

December 31
(Calendar Year Ending)

Financial Statements-short form
(Form Type)

N/A
(Amendment Designation, if applicable)

December 31, 2010
(Period Ended Date)

N/A
(Secondary License Type and Number)

SEC DAVAO
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CITY HALL KING CHOW FOODS CORPORATION

City Hall Drive, Corner San Pedro St, Davao City
Tel No. 2212397

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of CITY HALL KING CHOW FOODS CORPORATION is responsible for all the information and representations contained in the financial statements for the years ended December 31, 2009 and 2010. The financial statement have been prepared in conformity with the generally accepted in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, managements maintains a system of accounting and reporting which provides for the necessary internal controls to ensure the transaction are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such are approved and submitted to the stockholders of the company.

MARY GRACE DE JESUS, the independent auditor and appointed by the stockholders, has examined the financial statement of the company in accordance with the generally accepted auditing standards and has expressed its' opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

Jaime T. Cruz
(Name & Signature)
Chief Executive Officer/President

William T. Cruz
(Name & Signature)
Senior Vice President

Celerino P. Erallino
(Name &Signature)
Chief Financial Officer

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TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of CITY HALL KING CHOW FOODS CORPORATION which are to be submitted to the Commission, I hereby represent the following:

1. That I am active in the practice of accounting profession and duly registered with the Board of Accountancy (BOA);

2. That said financial statements are presented in conformity with Philippine Financial Reporting Standards in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles; I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;

3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;

4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion; and

5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and

6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representation in my individual capacity.

MARY GRACE D. DE JESUS
CPA Certificate No. 0105886
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2011
PTR No. 8728685, issued on January 24, 2011 at Davao City
Tax Identification No. 928-489-472
BIR AN-18-111-004c-04-2011, effective until April 2014

Davao City
March 23, 2011

173951885

MARY GRACE D. DE JESUS
Certified Public Accountant

22 Santos Subd.
Bangkal, Davao City

TeleFax No. (063) (2286695)
BOA Accreditation No. 4393

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
2/F, Meister Baker Building, Bolton St., Davao City

I have examined the financial statements of CITY HALL KING CHOW FOODS CORPORATION for the year ended December 31, 2010, on which I have rendered the attached report dated March 23, 2011.

In compliance with SRC Rule 68, Iam stating that the said company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

MARY GRACE D. DE JESUS
CPA Certificate No. 0105886
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BIR AN-18-111-004c-04-2011, effective until April 2014

Davao City
March 23, 2011

17365 1387

MARY GRACE D. DE JESUS
Certified Public Accountant

22 Santos Subd.
Bangkal, Davao City

TeleFax No. (063) (2286695)
BOA Accreditation No. 4393

Statement Required by Section 8-A,
Revenue Regulations No. V-1

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
2/F, Meister Baker Building, Bolton St., Davao City

The undersigned, states that I have no financial interest in the Company or any family relationships with its president, manager, or principal stockholders.

The required information regarding taxes is shown in the attached statement of taxes paid or accrued during the years.

MARY GRACE D. DE JESUS
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Davao City
March 23, 2011

17395 1838

MARY GRACE D. DE JESUS
Certified Public Accountant

22 Santos Subd.
Bangkal, Davao City

TeleFax No. (063) (2286695)
BOA Accreditation No. 4393

Independent Auditor's Report

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
2/F, Meister Baker Building, Bolton St., Davao City

Report on the Financial Statements

I have audited the accompanying financial statements of **CITY HALL KING CHOW FOODS CORPORATION**, which comprise the statements of financial position as at December 31, 2010 and 2009, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

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accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CITY HALL KING CHOW FOODS CORPORATION** as of December 31, 2010 and 2009, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and license fees in Note 12 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MARY GRACE D. DE JESUS
CPA Certificate No. 0105886
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2011
PTR No. 8728685, issued on January 24, 2011 at Davao City
Tax Identification No. 928-489-472
BIR AN-18-111-004c-04-2011, effective until April 2014

Davao City
March 23, 2011

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AUDIT REPORT

CITY HALL KING CHOW FOODS CORPORATION
For the Years Ended December 31, 2010 and 2009

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010 AND 2009

	Notes		2010		2009
CURRENT ASSETS					
Cash	2.3	P	**1,312,194**	P	1,961,245
Receivables	2.4		**482,834**		550,245
Inventory	2.5, 5		**79,428**		116,755
Prepayments			**65,230**		230,475
Total current assets			**1,939,686**		2,858,720
NON-CURRENT ASSETS					
Property and equipment	2.6, 6		**11,250,277**		10,655,277
Deferred income tax	2.10, 7, 11		**71,977**		0
Other non-current assets			**672,605**		750,295
Total non-current assets			**11,994,859**		11,405,572
TOTAL ASSETS		P	**13,934,545**	P	14,264,292

LIABILITIES AND EQUITY

	Notes		2010		2009
CURRENT LIABILITIES					
Accounts payable and accrued expenses	2.7	P	**9,369,429**	P	9,754,257
Income tax payable	2.10		**51,843**		1,625
Total current liabilities			9,421,272		9,755,882
NON-CURRENT LIABILITIES					
Advances from stockholders	2.8, 8		**5,000,000**		5,000,000
Total liabilities			**14,421,272**		14,755,882
EQUITY					
Capital stock	13		**312,500**		312,500
Deficit	14		**(799,227)**		(804,090)
Capital deficiency			**(486,727)**		(491,590)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		P	**13,934,545**	P	14,264,292

(See accompanying notes to financial statements)

CITY HALL KING CHOW FOODS CORPORATION

INCOME STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Notes		2010		2009
SALES REVENUE	2.9	P	**22,353,069**	P	20,975,924
COST OF GOODS SOLD	5, 9		**18,464,879**		17,256,896
GROSS PROFIT			**3,888,190**		3,719,028
GENERAL AND ADMIN EXPENSES	10		**3,955,304**		3,593,705
(LOSS) INCOME BEFORE INCOME TAX			**(67,114)**		125,323
PROVISION FOR INCOME TAX	2.10, 7, 11				
CURRENT			**-**		37,597
DEFERRED			**(71,977)**		-
			(71,977)		37,597
NET INCOME FOR THE YEAR		P	**4,863**	P	87,726

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Capital Stock	Deficit	Total
Balance as of January 1, 2009	P 312,500	P (891,816)	P (579,316)
Net income for the year		87,726	87,726
Balance as of December 31, 2009	312,500	(804,090)	(491,590)
Net income for the year		4,863	4,863
Balance as of December 31, 2010	**P 312,500**	**P (799,227)**	**P (486,727)**

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Notes	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		P 4,863	P 87,726
Adjustment to reconcile net income to net cash provided by operating activities			
Taxes	2.10, 7, 11	(71,977)	-
Depreciation	2.6, 6	2,002,327	2,330,171
(Increase) decrease in:			
Receivable	2.4	67,411	(148,963)
Inventories	2.5, 5	37,327	44,947
Prepayments		165,245	(99,905)
Increase (decrease) in:			
Accounts payable & accrued expenses	2.7	(384,828)	(2,215,402)
Income tax payable	2.10	50,218	1,625
Net cash provided by operating activities		1,870,586	199
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property & equipment	2.6,6	(2,597,327)	(3,250,000)
Disposal of other non-current assets		77,690	135,668
Net cash used in investing activities		(2,519,637)	(3,114,332)
DECREASE IN CASH		(649,051)	(3,114,133)
CASH			
January 1		1,961,245	5,075,378
December 31		P 1,312,194	P 1,961,245

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Note 1- Corporate information

City Hall King Chow Foods Corporation (the Company), was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to establish, operate maintain restaurants, coffee shops, refreshment parlors, cocktail lounges and cater food. The registered office of the Company is at 2/F, Meister Baker Building, Bolton St., Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 23, 2011.

Note 2 - Summary of significant accounting policies

This is the first set of financial statements prepared by City Hall King Chow Foods Corporation in accordance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities (*PFRS for SMEs*) issued by the Philippine Financial Reporting Standards Council (*FRSC*). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company are prepared in accordance with the PFRS for SMEs as issued and approved by the Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission, effective for periods beginning or after January 1, 2010. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 4.

2.2 Functional currency

The financial statements are presented in Philippine peso, the Company's functional currency.

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2.3 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

2.4 *Trade receivables*

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.5 *Inventory*

Inventories are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

2.6 *Property and equipment*

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditures that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Classification	Number of Years
Leasehold Rights and Improvements	3 - 5
Store Equipment	3 – 5
Furniture and Fixtures	3 – 5

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

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2.3 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

2.4 *Trade receivables*

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Classification	Number of Years
Leasehold Rights and Improvements	3 – 5
Store Equipment	3 – 5
Furniture and Fixtures	3 – 5

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

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The current income tax charge is calculated on the basis of tax rates and laws that have been enacted at the balance sheet date.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relate deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.11 Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

Note 3 – Transition to the PFRS for SMEs

The Company's financial statements for the year ended December 31, 2010 are its first annual financial statements prepared under accounting policies that comply with the PFRS for SMEs. The Company's transition date is January 1, 2009. The Company prepared its opening PFRS for SMEs statement of financial position at that date.

The Company's transition from PAS 101 to PFRS for SMEs did not have any significant impact on its opening financial statements.

Note 4 – Information about key sources of estimation uncertainty and judgments

Estimates and judgments are continually evaluated. They are based on historical experiences and other factors, including expectations of future

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4.1 Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(a) *Income taxes* – Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current taxes in the period in which such determination is made.

Note 5 – Inventory

Details of this account follows:

		2010		2009
Food and paper	P	**79,428**	P	116,755
	P	**79,428**	P	116,755

The cost of inventories recognized as expense amounted to **P18,464,879** (2009 – P17,256,896).

Note 6 – Property and equipment

Details of this account as of December 31, 2010 follow:

		Leasehold rights and improvements		Store equipment		Furniture and fixtures		Total
Balance at cost, January 1, 2009	P	7,787,073	P	5,765,375	P	1,160,672	P	14,713,120
Additions		1,500,000		1,000,000		750,000		3,250,000
Disposals		0		0		0		0
Balance at cost, December 31, 2009	P	9,287,073	P	6,765,375	P	1,910,672	P	17,963,120
Additions		0		2,597,327		0		2,597,327
Disposals		0		0		0		0
Balance at cost, December 31, 2010	**P**	**9,287,073**	**P**	**9,362,702**	**P**	**1,910,672**	**P**	**20,560,447**
Accumulated Depreciation, January 1, 2009	P	1,742,184	P	2,343,722	P	891,766	P	4,977,672
Depreciation charge		1,161,085		815,560		353,526		2,330,171
Disposal		0		0		0		0
Accumulated Depreciation, December, 31 2009	P	2,903,269	P	3,159,282	P	1,245,292	P	7,307,843

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		Leasehold rights and improvements		Store equipment		Furniture and fixtures		Total
Depreciation charge		1,035,219		754,128		212,980		2,002,327
Disposals		0		0		0		0
Accumulated Depreciation, December, 31 2010	**P**	**3,938,488**	**P**	**3,913,410**	**P**	**1,458,272**	**P**	**9,310,170**
Net book values at								
December 31, 2010	**P**	**5,348,585**	**P**	**5,449,292**	**P**	**452,400**	**P**	**11,250,277**
December 31, 2009		6,383,804		3,606,093		665,380		10,655,277

Depreciation charged to cost of sales during the year ended December 31, 2010 amounted to P2,002,327 (2009 - P2,330,171).

Note 7 - Deferred income tax

The gross movement on the deferred income tax account is as follows:

		2010		2009
Beginning of the year	**P**	0	P	0
MCIT (2% of gross profit)		**51,843**		0
NOLCO (30% of net loss)		**20,134**		0
End of the year	**P**	**71,977**	P	0

Deferred income tax assets are recognized for tax loss-carry forwards and MCIT to the extent that the realization of the related tax benefit through the future taxable profits is probable. The details of Net Operating Loss Carry-Over (NOLCO) and MCIT at December 31, which could be carried over as deductible expense from taxable income for three consecutive years following the year of incurrence, follow:

Year of incurrence	Year of expiry		**2010**		2009
2010	2013		**71,977**		0
		P	**71,977**	P	0

Note 8 - Related party transactions

Advances from stockholders pertained to temporary borrowings to bridge the funding requirements of the Company. These account balances are presented as advances to stockholders, net of receivable balance, since these transactions were made by the same stockholders.

The Company has no specific agreements with related parties. Borrowings from related parties are non-interest bearing.

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Notes 9 - Cost of goods sold

Details of this account as of December 31 follow:

		2010		2009
Inventory, beginning	P	116,755	P	161,702
Purchases		17,927,552		16,755,949
Freight in		500,000		456,000
Inventory, end		(79,428)		(116,755)
	P	18,464,879	P	17,256,896

Note 10 - General and administrative expenses

Details of this account as of December 31 follow:

		2010		2009
Depreciation	P	2,002,327	P	2,330,171
Rental		1,053,570		701,536
Salaries and wages		323,875		190,657
Repairs and maintenance		261,091		120,039
Taxes and licenses		84,393		88,031
Light and water		77,518		40,001
SSS,PHIC and ECC contribution		73,545		43,019
Travel and transportation		51,742		29,035
Office supplies		29,640		25,435
Postage telephone and telegraph		21,195		12,820
Insurance		16,408		12,961
	P	3,995,304	P	3,593,705

Note 11 - Income taxes

On May 24, 2005, Republic Act 9337 changed the normal corporate income tax rate from 32% to 35% effective November 1, 2005 and from 35% to 30% effective January 1, 2009.

On November 21, 2007, under Republic Act 9361, the National Internal Revenue Code (NIRC) was amended anew with the deletion of the provision imposing the 70% cap on input tax that may be credited in every taxable quarter.

Deferred income tax assets and liabilities are determined using income tax rates in the period the temporary differences are expected to be recovered or settled.

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During the year ended December 31, 2010, the income tax payable was computed under MCIT because its operations resulted to a net loss amounting to P67,114. In addition to the MCIT, provision for deferred income tax was also recognized on the loss before tax.

Deferred income tax at December 31 follows:

	2010	2009
Deferred tax	71,977	0

Note 12 – Taxes and licenses

12.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2010		2009
Gross sales of goods	P	22,353,069	P	20,975,924
Less: VAT exempt sales				
Sales returns and discounts		0		0
Net vatable sale of goods		22,353,069		20,975,924
Output VAT	P	2,682,368	P	2,517,111

12.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2010		2009
Input VAT, January 1	P	0	P	0
Add: Current year's domestic purchases/payments				
Goods for resale or further processing		2,215,785		2,070,828
Goods other than for resale		36,934		157,857
Total Input VAT reported in the VAT returns for the year		(2,252,719)		(2,228,685)
Input VAT, December 31	P	0	P	0

12.3 Other taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2010		2009
Business taxes, licenses and permits	P	72,893	P	76,531
Community tax certificate		10,500		10,500
Other taxes and licenses – city tourism		1,000		1,000
Total other taxes and licenses paid during the year	P	84,393	P	88,031

12.4 Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

		2010		2009
Tax on compensation and benefits	P	51,812.19	P	4,708.41
Creditable withholding taxes		88,684.91		77,657.82
Final withholding taxes		223,530.68		209,759.24
Total withholding taxes for the year	P	364,027.78	P	292,125.47

12.5 BIR Investigations/Assessments

The Company has no pending deficiency tax assessment. Also, there are no pending investigation, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

Note 13 – Share capital

The Capital stock of the Company as of December 31 consists of:

	Shares		Amount	
	2010	2009	**2010**	2009
Authorized at P100 par value	**50,000**	50,000	**P 5,000,000**	P 5,000,000
Issued:				
Balance at beginning of year	**3,125**	3,125	**312,500**	312,500
Issued during the year	0	0	0	0
Balance at end of year	**3,125**	3,125	**312,500**	312,500
Subscribed:				
Balance at beginning of year	9,375	9,375	937,500	937,500
Subscribed during the year	**0**	0	0	0
Paid up during the year	**0**	0	0	0
Balance at end of year	**9,375**	9,375	**937,500**	937,500

The Company is not exposed to externally imposed capital requirement.

Note 14 - Going concern uncertainty

There is uncertainty in the Company's capability to continue as a going concern due to capital deficiency as at December 31, 2010 amounting to **P486,727** (2009 – P491,590). This resulted from accumulated deficit of **P799,227** (2009 – P804,090) due to losses from operations over the past years. In response to this current condition, the Company is designing marketing strategies to improve sales revenue.

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REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4 — 13, 20 26

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY ONE (21) page (s).

Verified by: ______________ dated APRIL-13 20 26

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "PPPPPPP"

10072.0000.0000

SEC NUMBER CS200727773
FILE NUMBER ____________

CITY HALL KING CHOW FOODS CORPORATION
(Company's Full Name)

BELEJ Bldg., San Pedro St., Davao City
(Company's Address)

(082) 2212397
(Telephone Number)

December 31
(Calendar Year Ending)

Financial Statements-short form
(Form Type)

N/A
(Amendment Designation, if applicable)

December 31, 2011& 2010
(Reporting Period)

5
(Total Number of Stockholders)

SEC DAVAO
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OF FORM AND CONTENTS

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CITY HALL KING CHOW FOODS CORPORATION

BELEJ Bldg., San Pedro St., Davao City
Tel No. 2212397

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of CITY HALL KING CHOW FOODS CORPORATION is responsible for all information and representations contained in the financial statements for the years ended December 31, 2010 and 2011. The financial statement have been prepared in conformity with generally accepted accounting principles or PFRS and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure the transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

MARY GRACE DE JESUS, the independent auditor and appointed by the stockholders, has examined the financial statements of the company in accordance with the generally accepted auditing standards and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

Jaime T. Cruz
(Name & Signature)
Chairman of the Board

Felisa T. Tan
(Name & Signature)
Treasurer

10072.0000.0002

AUDIT REPORT

CITY HALL KING CHOW FOODS CORPORATION
For the Years Ended December 31, 2011 and 2010

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M. L. HANGAD
DISTRICT NO. 113A-WEST DAVAO

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TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **CITY HALL KING CHOW FOODS CORPORATION** which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);

2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles; I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;

3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;

4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;

5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and

6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representation in my individual capacity.

MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2014
PTR No. 1338992, issued on February 9, 2012 at Davao City
Tax Identification No. 928-489-472

March 23, 2012

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MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25 Phase 2D, Monte
Maria Village, Catalunan
Grande, Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg., San Pedro St., Davao City

I have examined the financial statements of **CITY HALL KING CHOW FOODS CORPORATION** for the year ended December 31, 2011, on which I have rendered the attached report dated March 23, 2012.

In compliance with SRC Rule 68, I am stating that the said company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2014
CPA Certificate No. 0105886
PTR No. 1338992, issued on February 9, 2012 at Davao City

Davao City
March 23, 2012

MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25 Phase 2D, Monte
Maria Village, Catalunan
Grande, Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

Independent Auditor's Report

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg., San Pedro St., Davao City

Report on the Financial Statements

I have audited the accompanying financial statements of **CITY HALL KING CHOW FOODS CORPORATION**, which comprise the statements of financial position as at December 31, 2011 and 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

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accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CITY HALL KING CHOW FOODS CORPORATION** as of December 31, 2011 and 2010, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and license fees in Note 15 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MARY GRACE D. DE JESUS
CPA Certificate No. 0105886
PTR No. 1338992, issued on February 9, 2012 at Davao City
Tax Identification No. 928-489-472
BIR AN-18-111-004c-04-2011, effective until April 10, 2014
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2012

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REVENUE REG.

Davao City
March 23, 2012

CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011 AND 2010

	Notes		2011		2010
CURRENT ASSETS					
Cash and cash equivalents	2.2, 4	P	3,460,857	P	1,312,194
Trade and other receivables	2.3, 5		725,395		482,834
Inventory	2.4, 6		118,631		79,428
Prepayments			79,662		65,230
Total current assets			4,384,545		1,939,686
NON-CURRENT ASSETS					
Property and equipment, net	2.5, 7		9,247,950		11,250,277
Deferred tax asset	2.10, 14		72,641		71,977
Other non-current assets			789,544		672,605
Total non-current assets			10,110,135		11,994,859
TOTAL ASSETS		P	14,494,680	P	13,934,545

LIABILITIES AND EQUITY

	Notes		2011		2010
CURRENT LIABILITIES					
Trade and other payables	2.6, 8	P	9,754,257	P	9,369,429
Income tax payable	2.10, 14		21,628		51,843
Total current liabilities			9,775,885		9,421,272
NON-CURRENT LIABILITY					
Advances from stockholders	2.7, 11		5,000,000		5,000,000
Total liabilities			14,775,885		14,421,272
EQUITY					
Capital stock	9		312,500		312,500
Deficit	16		(593,705)		(799,227)
Total capital deficiency			(281,205)		(486,727)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		P	14,494,680	P	13,934,545

(See accompanying notes to financial statements)

CITY HALL KING CHOW FOODS CORPORATION

INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Notes	2011	2010
SALES REVENUE	2.9 (a)	P 25,427,824	P 22,353,069
COST OF GOODS SOLD	2.9 (c), 12	21,004,798	18,464,879
GROSS PROFIT		4,423,026	3,888,190
GENERAL AND ADMIN EXPENSES	2.9 (c), 13	4,130,372	3,955,304
INCOME (LOSS) BEFORE INCOME TAX		292,654	(67,114)
PROVISION FOR INCOME TAX	2.10, 14		
CURRENT		87,796	-
DEFERRED		(664)	(71,977)
		87,132	(71,977)
NET INCOME FOR THE YEAR		P 205,522	P 4,863

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Capital Stock		Deficit		Total
Balance as of January 1, 2010	P	312,500	P	(804,090)	P	(491,590)
Net income for the year				4,863		4,863
Balance as of December 31, 2010		312,500		(799,227)		(486,727)
Net income for the year				205,522		205,522
Balance as of December 31, 2011	**P**	**312,500**	**P**	**(593,705)**	**P**	**(281,205)**

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		P 205,522	P 4,863
Adjustment to reconcile net income to net cash provided by operating activities			
Taxes	2.10, 14	(664)	(71,977)
Depreciation	2.5, 7	2,002,327	2,002,327
(Increase) decrease in:			
Trade and other receivables	2.3, 5	(242,561)	67,411
Inventories	2.4, 6	(39,203)	37,327
Prepayments		(14,432)	165,245
Increase (decrease) in:			
Trade and other payables	2.6, 8	384,828	(384,828)
Income tax payable	2.10, 14	(30,215)	50,218
Net cash provided by operating activities		2,265,602	1,870,586
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property & equipment	2.5, 7	-	(2,597,327)
(Acquisition) disposal of other assets		(116,939)	77,690
Net cash used in investing activities		(116,939)	(2,519,637)
INCREASE (DECREASE) IN CASH		2,148,663	(649,051)
CASH			
January 1		1,312,194	1,961,245
December 31		P 3,460,857	P 1,312,194

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1- Corporate information

City Hall King Chow Foods Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to establish, operate and maintain restaurants, coffee shops parlors, cocktail lounges and cater foods. The registered office of the Company is at BELEJ Bldg., San Pedro St.,Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 23, 2012.

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs). These financial statements have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency. All amounts are rounded to the nearest peso.

The Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission (SEC) have adopted the PFRS for SMEs which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover entities that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million;
(b) Are not required to file financial statements under Securities Regulation code (SRC) Rule 68.1 (unlisted and non-public entities);
(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and,
(e) Not public utilities.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

2.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

2.3 *Trade and other receivables*

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.4 *Inventory*

Inventories are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

2.5 *Property and equipment*

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditures that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Classification	Number of Years
Office Equipment	3 – 5
Furniture and Fixtures	3 – 5
Leasehold Rights and Improvements	3 - 5

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/(losses) – net' in the statement of comprehensive income.

2.6 Trade and other payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accrued expenses and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets and expenses are recognized. These are measured at amortized cost, normally equal to its nominal amount. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.7 Related party relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form.

2.8 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the Company under operating leases are charged to operations on a straight-line basis over the period of the lease.

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2.9 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities, as described below:

(a) *Sale of goods* – The Company operates a restaurant business. Sale of goods are recognized when the Company sells a product to the customer as control passes to the customer on the day the transaction takes place. Sales are usually in cash or by credit card.

(b) *Interest income* – Interest income is recognized using the effective interest method.

(c) *Expenses* – Operating and administrative expenses are recognized when incurred.

2.10 Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.11 Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

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Note 3 – Information about key sources of estimation uncertainty and judgments

Estimates and judgments are continually evaluated. They are based on historical experiences and other factors, including expectations of future.

3.1 *Key sources of estimation uncertainty*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(a) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Note 4 – Cash and cash equivalents

The account at December 31 consists of:

		2011		2010
Cash on hand	P	147,580	P	146,450
Cash in bank		3,313,277		1,165,744
	P	3,460,857	P	1,312,194

Cash account with banks generally earns interest based on daily bank deposit rate.

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Note 5 – Trade and other receivables

The account at December 31, consist of:

		2011		2010
Trade receivable	P	697,016	P	449,272
Cash advances to officers and employees		28,379		33,562
	P	725,395	P	482,834

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Based on management's assessment as at December 31, 2011 and 2010, none of the above accounts are impaired.

Note 6 - Inventory

The cost of inventories recognized as expense amounted to **P21,004,798** (2010 - P P18,464,879).

Note 7 - Property and equipment

The account at December 31 consists of:

	Leasehold Rights and Improvements	Store Equipment	Furniture and Fixtures	Total
Cost				
January 1, 2010	P 9,287,073	P 6,765,375	P 1,910,672	P 17,963,120
Additions	0	2,597,327	0	2,597,327
Disposals	0	0	0	0
December 31, 2010	P 9,287,073	P 9,362,702	P 1,910,672	P 20,560,447
Additions	0	0	0	0
Disposals	0	0	0	0
December 31, 2011	**P 9,287,073**	**P 9,362,702**	**P 1,910,672**	**P 20,560,447**
Accumulated depreciation				
January 1, 2010	P 2,903,269	P 3,159,282	P 1,245,292	P 7,307,843
Depreciation charge	1,035,219	754,128	212,980	2,002,327
Disposal	0	0	0	0
December, 31 2010	3,938,488	3,913,410	1,458,272	9,310,170
Depreciation charge	1,035,219	754,128	212,980	2,002,327
Disposal	0	0	0	0
December, 31 2011	**4,973,707**	**4,667,538**	**1,671,252**	**11,312,497**
Net book values at:				
December 31, 2011	**P 4,313,366**	**P 4,695,164**	**P 239,420**	**P 9,247,950**
December 31, 2010	P 5,348,585	P 5,449,292	P 452,400	P 11,250,277

Depreciation charged to cost of sales amounted to **P2,002,327** (2010 - P2,002,327).

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REVENUE REGION
N. L. NARCAD

Note 8 - Trade and other payables

Details of this account as of December 31 consist of:

		2011		2010
Trade payables	P	7,531,177	P	7,503,054
SSS, HDMF, PHIC and taxes on wages		361,918		301,522
Accrued expenses		1,066,352		938,894
Others		794,810		625,959
	P	9,754,257	P	9,369,429

Note 9 - Share capital

The Company is authorized to issue fifty thousand (50,000) ordinary shares with a par value of one hundred (P100) pesos per share. The balances at December 31, 2011 and 2010 comprise three thousand one hundred twenty five hundred (3,125) ordinary shares with par value of three hundred twelve thousand five hundred pesos (P312,500) fully paid, issued and outstanding.

The Company is not exposed to externally imposed capital requirement.

Note 10 - Lease agreement

The Company leases out a commercial space under a long-term lease of 10 years. The lease is subject to rent reviews after 2 years. The lease is subject to renewals.

The future minimum lease payments under non-cancellable operating leases are as follows:

		2011
No later than 1 year	P	1,161,147
Later than 1 year and no later than 5 years		5,225,162
Later than 5 years		940,529
Total	P	7,326,838

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Note 11 - Related party transactions

Advances from stockholders pertained to temporary borrowings to bridge the funding requirements of the Company. These account balances are presented as advances from stockholders, net of receivable balance, since these transactions were made by the same stockholders.

The Company has no specific agreements with related parties. Borrowings from related parties are non-interest bearing.

Note 12 - Cost of goods sold

Details of this account as of December 31 follow:

		2011		2010
Inventory, beginning	P	79,428	P	116,755
Purchases		20,385,705		17,927,552
Freight-in		658,296		500,000
Inventory, end		(118,631)		(79,428)
	P	21,004,798	P	18,464,879

Note 13 - General and administrative expenses

Details of this account as of December 31 follow:

		2011		2010
Depreciation	P	2,002,327	P	2,002,327
Rental		1,290,163		1,053,570
Salaries & Wages		293,722		323,875
Repairs & Maintenance		146,200		221,091
Taxes & Licenses		91,107		84,393
Light & Water		80,456		77,518
SSS, PHIC & ECC Contribution		78,342		73,545
Travel & Transportation		56,481		51,742
Office Supplies		35,529		29,640
Postage Telephone & Telegraph		33,992		21,195
Insurance		22,053		16,408
	P	4,130,372	P	3,955,304

Note 14 - Income taxes

The provision for income tax for the years ended December 31 represent the 30% regular tax rate applied to the NOLCO, and, the 2% Minimum Corporate Income Tax (MCIT) follow:

		2011		2010
Current	P	87,796	P	0
Deferred		(664)		(71,977)
	P	87,132	P	(71,977)

The details of the deferred tax asset attributed to MCIT for the years ended December 31 follow:

		2011		2010
Beginning balance	P	51,843	P	0
Provision for income tax		0		51,843
Total		51,843		51,843
Deducted from current year income tax payable		0		0
Ending balance	P	51,843	P	51,843

The details of the deferred tax asset attributed to NOLCO for the years ended December 31 follow:

	NOLCO				Tax Effect			
		2011		2010		2011		2010
Beginning balance	P	67,114	P	0	P	20,134	P	0
Provision for income tax		2,213		67,114		664		20,134
Total		69,327		67,114		20,798		20,134
Deducted from current year income tax payable		0		0		0		0
Ending balance	P	69,327	P	67,114	P	20,798	P	20,134

The deferred tax assets amounting to **P72,641** (2010 - P71,977) is recognized in the Company's financial position since the management expects that it is probable that sufficient taxable income may be available in the future which the management believes can be applied against the Company's regular income tax within the next three years immediately following the taxable year in which the NOLCO and MCIT was incurred.

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Note 15 – Supplementary information required by Revenue Regulations No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

15.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2011		2010
Gross sales of goods	P	25,427,824	P	22,353,069
Less: VAT exempt sales		1,010,166		0
Net vatable sale of goods		24,417,658		22,353,069
Output VAT	P	2,930,119	P	2,682,368

15.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2011		2010
Input VAT, January 1	P	0	P	0
Add: Current year's domestic purchases/payments				
Goods for resale or further processing		2,347,658		2,215,785
Goods other than for resale		140,799		36,934
Total Input VAT reported in the VAT returns for the year		(2,488,457)		(2,252,719)
Input VAT, December 31	P	0	P	0

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15.3 All other local and national taxes and licenses

Payments taxes and licenses during the year ended December 31 follow:

		2011		2010
Business taxes, licenses and permits	P	79,607	P	72,893
Community tax certificate		10,500		10,500
Other taxes and licenses		1,000		1,000
Total taxes and licenses paid during the year	P	91,107	P	84,393

15.4 Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

		2011		2010
Tax on compensation and benefits	P	72,873	P	51,812
Creditable withholding taxes		100,916		88,685
Final withholding taxes		254,223		223,531
Total withholding taxes for the year	P	428,012	P	364,028

15.5 Importations

The company has no importations subject to import and custom duties and tariff fees for the year ended December 31, 2011 and 2010.

15.6 Excise Tax

The company has not manufactured or produced goods for domestic sales or importation for the year ended December 31, 2011 and 2010.

15.7 Documentary stamp taxes (DST)

The company has no transactions subject to documentary stamp taxes for the year ended December 31, 2011 and 2010.

15.8 Tax and other cases

The Company has no pending tax investigations by the Bureau of Internal Revenue covering the Company's tax liabilities

There are no pending cases, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

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Note 16 – Capital deficiency

As of December 31, 2011, the Company's liabilities exceed its total assets by P281,205 (2010 – P486,727) due to significant losses incurred in prior years. However, during the current year it has generated an income of P205,522 due to developments in the business and serious marketing and financial efforts of the management.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-13, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY THREE (23) page (s).

Verified by: __________ dated APRIL-13 2026

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

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ANNEX "QQQQQQQ"

SEC NUMBER CS200727773
FILE NUMBER ____________

CITY HALL KING CHOW FOODS CORPORATION
(Company's Full Name)

BELEJ Bldg., San Pedro St., Davao City
(Company's Address)

(082) 2212397
(Telephone Number)

December 31
(Calendar Year Ending)

Financial Statements-short form
(Form Type)

N/A
(Amendment Designation, if applicable)

December 31, 2012& 2011
(Reporting Period)

5
(Total Number of Stockholders)

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CITY HALL KING CHOW FOODS CORPORATION

BELEJ Bldg., San Pedro St., Davao City
Tel No. 2212397

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of CITY HALL KING CHOW FOODS CORPORATION is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2011 and 2012, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submit the same to the stockholders.

MARY GRACE DE JESUS, the independent auditor, appointed by the stockholders has examined the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination, has expressed its opinion on the fairness of presentation upon completion of such examination.

Jaime T. Cruz
(Name & Signature)
Chairman of the Board

Felisa T. Tan
(Name & Signature)
Treasurer

Signed this 20th day of MARCH, 2013.

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TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **CITY HALL KING CHOW FOODS CORPORATION** which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);

2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles; I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;

3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;

4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;

5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and

6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under the Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representation in my individual capacity.

MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2014
PTR No. 2324743, issued on January 16, 2013 at Davao City
Tax Identification No. 928-489-472

March 23, 2013

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AUDIT REPORT

CITY HALL KING CHOW FOODS CORPORATION
For the Year Ended December 31, 2012

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MARY GRACE D. DE JESUS

Certified Public Accountant

B3-L25 Phase 2D, Monte
Maria Village, Catalunan
Grande, Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

Independent Auditor's Report

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg., San Pedro St., Davao City

Report on the Financial Statements

I have audited the accompanying financial statements of CITY HALL KING CHOW FOODS CORPORATION, which comprise the statements of financial position as at December 31, 2012 and 2011, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

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accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CITY HALL KING CHOW FOODS CORPORATION** as at December 31, 2012 and 2011, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

Emphasis of Matter

Without qualifying my opinion, I draw attention to Note.17 in the financial statements which indicates that the Company incurred a net loss of P20,537 during the year ended December 31, 2012 and, as of that date, the Company's liabilities exceeded its total assets by P302,406. These conditions, along with other matters as set forth in Note 17, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

I performed audit procedures to evaluate management's plans for such future actions as to likelihood to improve the situation and as to feasibility under the circumstances.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and license fees in Note 15 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MARY GRACE D. DE JESUS
CPA Certificate No. 0105886
PTR No. 2324743, issued on January 16, 2013 at Davao City
Tax Identification No. 928-489-472
BIR AN-18-111-004c-04-2011, effective until April 10, 2014
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2014

Davao City
March 23, 2013

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012 AND 2011

	Notes		2012		2011
ASSETS					
CURRENT ASSETS					
Cash	2.2, 4	P	4,038,964	P	3,460,857
Trade and other receivables	2.3, 5		869,223		725,395
Inventory	2.4		239,614		118,631
Prepayments			346,913		79,662
Total current assets			5,494,714		4,384,545
NON-CURRENT ASSETS					
Property and equipment, net	2.5, 2.6, 6		7,245,623		9,247,950
Deferred tax asset	2.12, 3, 14		192,073		71,977
Other non-current assets	2.6, 7		712,580		789,544
Total non-current assets			8,150,276		10,109,471
TOTAL ASSETS		P	13,644,990	P	14,494,016
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	2.7, 8	P	8,751,315	P	9,754,257
Income tax payable	2.12, 3, 14		26,818		21,628
Total current liabilities			8,778,133		9,775,885
NON-CURRENT LIABILITIES					
Advances from stockholders	2.8, 16		5,000,000		5,000,000
Retirement benefit obligation	2.10, 3, 9		169,263		-
Total non-current liabilities			5,169,263		5,000,000
Total liabilities			13,947,396		14,775,885
EQUITY					
Capital stock	10		312,500		312,500
Deficit	7		(614,906)		(594,369)
Total capital deficiency			(302,406)		(281,869)
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY		P	13,644,990	P	14,494,016

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Notes	2012	2011
SALES REVENUE	2.11 (a)	P 27,041,586	P 25,427,824
COST OF GOODS SOLD	2.11 (c), 12	21,510,092	21,004,798
GROSS PROFIT		5,531,494	4,423,026
GENERAL AND ADMIN EXPENSES	2.11 (c), 13	5,560,833	4,130,372
(LOSS) INCOME BEFORE INCOME TAX		(29,339)	292,654
PROVISION FOR INCOME TAX			
CURRENT		41,977	88,461
DEFERRED		(50,779)	(664)
INCOME TAX (BENEFIT) EXPENSE	2.12, 3, 14	(8,802)	87,796
NET (LOSS) INCOME FOR THE YEAR		P (20,537)	P 204,858

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Notes	Capital Stock	Deficit	Total
Balance as of January 1, 2011	10	P 312,500	P (799,227)	P (486,727)
Net income for the year			204,858	204,858
Balance as of December 31, 2011		312,500	(594,369)	(281,869)
Net loss for the year			(20,537)	(20,537)
Balance as of December 31, 2012		P 312,500	P (614,906)	P (302,406)

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income for the year		P (20,537)	P 204,858
Adjustment to reconcile net (loss) income to net cash provided by operating activities			
Deferred tax asset	2.12, 3, 14	(120,096)	-
Depreciation	2.5, 2.6, 6	2,002,327	2,002,327
(Increase) decrease in:			
Trade and other receivables	2.3, 5	(143,828)	(242,561)
Inventories	2.4	(120,983)	(39,203)
Prepayments		(267,251)	(14,432)
Increase (decrease) in:			
Trade and other payables	2.7, 8	(1,002,942)	384,828
Income tax payable	2.12, 3, 14	5,190	(30,215)
Retirement benefit obligation	2.10, 3, 9	169,263	-
Net cash provided by operating activities		501,143	2,265,602
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal (acquisition) of other non-current assets	2.6, 7	76,964	(116,939)
Net cash provided by (used in) investing activities		76,964	(116,939)
INCREASE IN CASH		578,107	2,148,663
CASH			
January 1		3,460,857	1,312,194
December 31		P 4,038,964	P 3,460,857

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 1- Corporate information

City Hall King Chow Foods Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to establish, operate and maintain restaurants, coffee shops parlors, cocktail lounges and cater foods. The registered office of the Company is at BELEJ Bldg., San Pedro St., Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 23, 2013.

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs). These financial statements have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency. All Amounts are rounded to the nearest peso.

The Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission (SEC) have adopted the PFRS for SMEs which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover entities that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million;
(b) Are not required to file financial statements under Securities Regulation code (SRC) Rule 68.1 (unlisted and non-public entities);
(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and,
(e) Not public utilities.

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The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

2.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

2.3 *Trade and other receivables*

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.4 *Inventory*

Inventories are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

2.5 *Property and equipment*

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditures that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

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Classification	Number of Years
Office Equipment	3 - 5
Furniture and Fixtures	3 - 5
Leasehold Rights and Improvements	3 - 5

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/(losses) - net' in the statement of comprehensive income.

2.6 *Impairment of non-financial assets*

Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.7 *Trade and other payables*

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accrued expenses and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets and expenses are recognized. These are measured at amortized cost, normally equal to its nominal amount. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.8 *Related party relationships*

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form.

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2.9 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the Company under operating leases are charged to operations on a straight-line basis over the period of the lease.

2.10 Long term employee benefits

The liability for employee benefit obligations relates to government-mandated retirement benefit payments. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company used a simplified method to measure its defined benefit obligation with respect to its current employees as the Company is unable to use the projected unit credit method without undue cost or effort. Under the simplified approach, future salary increases, future service and possible in-service mortality are ignored. The Company does not fund its obligation in advance.

2.11 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities, as described below:

(a) Sale of goods - The Company operates a restaurant business. Sale of goods are recognized when the Company sells a product to the customer as control passes to the customer on the day the transaction takes place. Sales are usually in cash or by credit card.

(b) Interest income - Interest income is recognized using the effective interest method.

(c) Expenses - Operating and administrative expenses are recognized when incurred.

2.12 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting period.

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Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

Note 3 - Information about key sources of estimation uncertainty and judgments

Estimates and judgments are continually evaluated. They are based on historical experiences and other factors, including expectations of future.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(a) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Long term employee benefits

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used in calculating

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such amounts. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

Note 4 – Cash and cash equivalents

The account at December 31 consists of:

		2012		2011
Cash on hand	P	63,000	P	147,580
Cash in bank		3,975,964		3,313,277
	P	4,038,964	P	3,460,857

Cash account with bank generally earns interest based on daily bank deposit rate.

Note 5 – Trade and other receivables

The account at December 31 consists of:

		2012		2011
Trade receivable, net	P	869,223	P	697,016
Cash advances to officers and employees		0		28,379
	P	869,223	P	725,395

Based on management's assessment as at December 31, 2012 and 2011, none of the above accounts are impaired.

Note 6 – Property and equipment

The account at December 31 consists of:

		Leasehold rights and improvements		Store equipment		Furniture and fixture		Total
Cost								
January 1, 2011	P	9,287,073	P	9,362,702	P	1,910,672	P	20,560,447
Additions		0		0		0		0
Disposals		0		0		0		0
December 31, 2011		9,287,073		9,362,702		1,910,672		20,560,447
Additions		0		0		0		0
Disposals		0		0		[illegible]		0
December 31, 2012	P	9,287,073	P	9,362,702	P	1,910,672	P	20,560,447

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	Leasehold rights and improvements	Store equipment	Furniture and fixture	Total
Accumulated Depreciation				
January 1, 2011	P 3,938,488	P 3,913,410	P 1,458,272	P 9,310,170
Depreciation charge	1,035,219	754,128	212,980	2,002,327
Disposal	0	0	0	0
December, 31 2011	4,973,707	4,667,538	1,671,252	11,312,497
Depreciation charge	1,035,219	754,128	212,980	2,002,327
Disposals	0	0	0	0
December, 31 2012	**P 6,008,926**	**P 5,421,666**	**P 1,884,232**	**P 13,314,824**
Net book values at:				
December 31, 2012	**P 3,278,147**	**P 3,941,036**	**P 26,440**	**P 7,245,623**
December 31, 2011	**P 4,313,366**	**P 4,695,164**	**P 239,420**	**P 9,247,950**

Depreciation charged to general and administrative expenses amounted to P2,002,327 (2011 – P 2,002,327).

Note 7 – Other non-current assets

The account at December 31 consists of:

		2012		2011
BOTP	P	414,863	P	485,621
Insurance		131,135		128,269
Repairs		23,100		48,500
Taxes and licenses		26,624		25,425
HMO		54,659		65,829
Supplies		62,199		35,900
	P	712,580	P	789,544

Note 8 – Trade and other payables

Details of this account as of December 31 consist of:

		2012		2011
Trade payables	P	7,353,865	P	7,531,177
SSS, HDMF, PHIC and taxes on wages		333,902		361,918
Accrued expenses		1,063,548		1,066,352
Others		0		794,810
	P	8,751,315	P	9,754,257

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Note 9 - Employee benefit obligations

The Company has no formal retirement plan. The Company's employee benefit obligation for retirement benefits is computed in accordance with Republic Act No. 7641 covering all regular employees. In case of retirement, employees shall be entitled to receive such retirement benefits as may have been earned under the existing laws.

The movements in the accrued retirement benefit payable recognized and presented as "Retirement benefit obligation" account under "as of December 31, 2012 amounted to P169,263. The Company's employee retirement benefits are based on employee pensionable compensation and length of service. The Company has not made any contribution for its retirement benefit obligation at December 31, 2012. Related deferred tax asset recognized relative to this account at December 31, 2012 amounted P50,779.

Note 10 - Share capital

The Company is authorized to issue fifty thousand (50,000) ordinary shares with a par value of one hundred (P100) pesos per share. The balances at December 31, 2011 and 2010 comprise three thousand one hundred twenty five hundred (3,125) ordinary shares with par value of three hundred twelve thousand five hundred pesos (P312,500) fully paid, issued and outstanding.

The Company is not exposed to externally imposed capital requirement.

Note 11 - Commitments under operating leases

The Company leases out a commercial space under a long-term lease of 10 years. The lease is subject to rent reviews after 2 years. The lease is subject to renewals.

The minimum lease payments under operating leases recognized as expense during the year amounted to P1,353,041 (2011 - P1,290,163).

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

	2012	2011
No later than 1 year	P 1,353,041	P 1,161,147
Later than 1 year and no later than 5 years	6,765,205	5,225,162
Later than 5 years	4,059,123	940,529
Total	P 12,177,369	P 7,326,838

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Note 12 – Cost of goods sold

Details of this account as of December 31 follow:

		2012		2011
Inventory, beginning	P	118,631	P	79,428
Purchases		21,631,075		21,044,001
Inventory, end		(239,614)		(118,631)
	P	21,510,092	P	21,004,798

Note 13 - General and administrative expenses

Details of this account as of December 31 follow:

	Notes		2012		2011
Depreciation	2.5, 2.6, 6	P	2,002,327	P	2,002,327
Salaries & Wages			1,404,479		293,722
Rental	2.9, 11		1,353,041		1,290,163
Retirement Benefits	2.10, 3, 9		169,263		0
Light & Water			131,284		80,456
Taxes & Licenses	15.3		129,557		91,107
Repairs & Maintenance			126,190		146,200
SSS, PHIC & ECC Contribution			63,633		78,342
Travel & Transportation			57,279		56,481
Postage, Telephone, Telegraph			46,736		33,992
Insurance			44,996		22,053
Office Supplies			32,048		35,529
		P	5,560,833	P	4,130,372

Note 14 - Income taxes

The provision for income tax for the years ended December 31, 2012 and 2012 represent the 2% Minimum Corporate Income Tax (MCIT) and 30% regular tax rate for the year ended December 31, 2011:

		2012		2011
Current	P	41,977	P	88,461
Deferred		(50,779)		(664)
	P	(8,802)	P	87,79[illegible]

The details of the deferred tax asset attributed to MCIT for the years ended December 31 follow:

		2012		2011
Beginning balance	P	52,507	P	51,843
Provision for income tax		110,630		88,460
Total		163,137		140,303
Deducted from current year income tax payable		41,977		87,796
Ending balance	P	121,160	P	52,507

The deferred tax asset attributed to NOLCO represents Net Operating Loss amounting to P67,114 incurred for the year ended December 31, 2010.

The details of the deferred tax asset for the years ended December 31 are as follows:

		2012	2011
• Net operating loss carry over	P	20,134	20,134
• MCIT		121,160	52,507
• Retirement benefit obligation		50,779	0
Total deferred tax	P	192,073	72,641

The deferred tax assets arising from MCIT and NOLCO aggregating **P141,294** (2011 - P72,641) is recognized in the Company's financial position since the management expects that it is probable that sufficient taxable income may be available in the future which the management believes can be applied against the Company's regular income tax within the next three years immediately following the taxable year in which the NOLCO and MCIT was incurred.

At December 31, 2012, the Company recognized employee retirement benefit costs amounting to P169,263. The deferred income tax asset at December 31, 2012 is computed on the Retirement Benefit Obligation at the 30% statutory tax rate.

Note 15 - Supplementary information required by Revenue Regulations No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

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Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

15.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2012		2011
Gross sales of goods	P	27,041,586	P	25,427,824
Less: VAT exempt sales		1,489,159		1,010,166
Net vatable sale of goods		25,552,427		24,417,658
Output VAT	P	3,066,291	P	2,930,119

15.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2012		2011
Input VAT, January 1	P	0	P	0
Add: Current year's domestic purchases/payments				
Goods for resale or further processing		2,458,028		2,347,658
Goods other than for resale		188,433		140,799
Total Input VAT reported in the VAT returns		(2,646,461)		(2,488,457)
Input VAT, December 31	P	0	P	0

15.3 All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2012		2011
Business taxes, licenses and permits	P	112,487	P	79,607
Community tax certificate		10,500		10,500
Other taxes and licenses		6,570		1,000
Total taxes and licenses paid during the year	P	129,557	P	91,107

15.4 Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

		2012		2011
Tax on compensation and benefits	P	104,048	P	72,873
Creditable withholding taxes		106,456		100,916
Final withholding taxes		267,304		254,223
Total withholding taxes for the year	P	477,808	P	428,012

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15.5 Importations

The company has no importations subject to import and custom duties and tariff fees for the year ended December 31, 2012 and 2011.

15.6 Excise Tax

The company has not manufactured or produced goods for domestic sales or importation for the year ended December 31, 2012 and 2011.

15.7 Documentary stamp taxes (DST)

The company has no transactions subject to documentary stamp taxes for the year ended December 31, 2012 and 2011.

15.8 Tax and other cases

The Company has no pending tax investigations by the Bureau of Internal Revenue covering the Company's tax liabilities

There are no pending cases, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

Note 16 - Related party transactions

Advances from stockholders pertained to temporary borrowings to bridge the funding requirements of the Company. These account balances are presented as advances from stockholders, net of receivable balance, since these transactions were made by the same stockholders.

The Company has no specific agreements with related parties. Borrowings from related parties are non-interest bearing.

Note 17 - Capital deficiency

As of December 31, 2012, the Company's liabilities exceed its total assets by P302,406 (2011 - P281,869) due to significant losses incurred in prior years.

The management of the Company is continuously designing marketing strategies to improve sales revenue.

27011.0822

MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25 Phase 2D, Monte
Maria Village, Catalunan
Grande, Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg., San Pedro St., Davao City

I have examined the financial statements of **CITY HALL KING CHOW FOODS CORPORATION** for the year ended December 31, 2012, on which I have rendered the attached report dated March 23, 2013.

In compliance with SRC Rule 68, I am stating that the said company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2014
CPA Certificate No. 0105886
PTR No. 2324743, issued on January 16, 2013 at Davao City

Davao City
March 23, 2013

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4- 13, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY THREE (23) page (s).

Verified by: ______________ dated APRIL - 13, 2026

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "RRRRRRR"

SEC NUMBER CS200727773
FILE NUMBER ___________

CITY HALL KING CHOW FOODS CORPORATION
(Company's Full Name)

BELEJ Bldg., San Pedro St., Davao City
(Company's Address)

(082) 2212397
(Telephone Number)

December 31
(Calendar Year Ending)

Financial Statements-short form
(Form Type)

N/A
(Amendment Designation, if applicable)

December 31, 2013& 2012
(Reporting Period)

5
(Total Number of Stockholders)

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CITY HALL KING CHOW FOODS CORPORATION

BELEJ Bldg., San Pedro St., Davao City
Tel No. 2212397

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of CITY HALL KING CHOW FOODS CORPORATION is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2012 and 2013, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

MARY GRACE DE JESUS, the independent auditor, appointed by the stockholders has examined the financial statements of the company in accordance with the Philippine Standards on Auditing, and in her report to the stockholders, has expressed her opinion on the fairness of presentation upon completion of such examination.

Jaime T. Cruz
(Name & Signature)
Chairman of the Board

Felisa T. Tan
(Name & Signature)
Treasurer

Signed this 24th day of MARCH, 2014

AUDITED FINANCIAL STATEMENTS

CITY HALL KING CHOW FOODS CORPORATION
For the Years Ended December 31, 2013 and 2012

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MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25 Phase 2D, Monte
Maria Village, Catalunan
Grande, Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg.
San Pedro St., Davao City

I have examined the financial statements of CITY HALL KING CHOW FOODS CORPORATION for the year ended December 31, 2013, on which I have rendered the attached report dated March 24, 2014.

In compliance with SRC Rule 68, I am stating that the said company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2014
CPA Certificate No. 0105886
PTR No. 3929549B, issued on January 17, 2014 at Davao City

Davao City
March 24, 2014

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C. C. BONTIA
REVENUE DISTRICT NO. 113A-WEST, DAVAO CITY

MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25 Phase 2D, Monte
Maria Village, Catalunan
Grande, Davao City

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Independent Auditor's Report

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg.
San Pedro St., Davao City

Report on the Financial Statements

I have audited the accompanying financial statements of **CITY HALL KING CHOW FOODS CORPORATION**, which comprise the statements of financial position as at December 31, 2013 and 2012, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

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accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CITY HALL KING CHOW FOODS CORPORATION** as at December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and license fees in Note 15 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MARY GRACE D. DE JESUS
CPA Certificate No. 0105886
PTR No. 3929549B, issued on January 17, 2014 at Davao City
Tax Identification No. 928-489-472
BIR AN-18-111-004c-04-2011, effective until April 10, 2014
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2014

Davao City
March 24, 2014

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REVENUE DISTRICT NO. 113A-WEST, DAVAO CITY

CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013 AND 2012

	Notes		2013		2012
ASSETS					
CURRENT ASSETS					
Cash	2.2, 4	P	**4,638,487**	P	4,108,281
Trade receivables	2.3, 5		**1,841,747**		869,223
Inventory	2.4, 6		**328,542**		239,614
Prepayments			**586,996**		346,913
Total current assets			**7,395,772**		5,564,031
NON-CURRENT ASSETS					
Property and equipment, net	2.5, 2.6, 7		**5,429,836**		7,245,623
Deferred tax assets	2.12, 3, 9, 14		**53,948**		192,072
Other non-current assets			**-**		712,580
Total non-current assets			**5,483,784**		8,150,275
TOTAL ASSETS		P	**12,879,556**	P	**13,714,306**
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	2.7, 10	P	**7,888,186**	P	8,751,315
Income tax payable	2.12, 3, 14		**-**		26,818
Total current liabilities			**7,888,186**		8,778,133
NON-CURRENT LIABILITIES					
Employee benefit obligations	2.10, 3, 9		**179,828**		169,263
Advances from stockholders	2.8, 16		**3,500,000**		5,000,000
Total non-current liabilities			**3,679,828**		5,169,263
Total liabilities			**11,568,014**		13,947,396
EQUITY					
Share capital	11		**1,250,000**		312,500
Retained earnings (deficit)			**61,542**		(545,590)
Total equity (capital deficiency)	17		**1,311,542**		(233,090)
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY		P	**12,879,556**	P	**13,714,306**

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Notes	2013	2012
SALES REVENUE	2.11 (a)	P 31,183,313	P 27,041,586
COST OF GOODS SOLD	2.11 (c), 12	23,513,182	21,510,092
GROSS PROFIT		7,670,131	5,531,494
GENERAL AND ADMIN EXPENSES	2.11 (c), 13	6,802,800	5,560,833
INCOME (LOSS) BEFORE INCOME TAX		867,331	(29,339)
PROVISION FOR INCOME TAX	2.12, 3, 9, 14		
CURRENT		263,369	41,977
DEFERRED		(3,170)	(119,432)
INCOME TAX EXPENSE (BENEFIT)		260,199	(77,455)
NET INCOME FOR THE YEAR		P 607,132	P 48,116

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Notes	Share Capital	Retained Earnings	Total
Balance as of January 1, 2012	11	P 312,500	P (593,706)	P (281,206)
Net income for the year		-	48,116	48,116
Balance as of December 31, 2012		312,500	(545,590)	(233,090)
Collection of subscribed capital	11	937,500	-	937,500
Net income for the year		-	607,132	607,132
Balance as of December 31, 2013		**P 1,250,000**	**P 61,542**	**P 1,311,542**

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		P 607,132	P 48,116
Adjustment to reconcile net income to net cash provided by operating activities			
Deferred tax assets	2.12, 3, 9, 14	138,124	(119,432)
Depreciation	2.5, 2.6, 7	1,815,787	2,002,327
(Increase) decrease in:			
Trade receivables	2.3, 5	(972,524)	(143,828)
Inventories	2.4, 6	(88,928)	(120,983)
Prepayments		(240,083)	(267,251)
Increase (decrease) in:			
Trade and other payables	2.7, 10	(863,129)	(1,002,942)
Income tax payable	2.12, 3, 14	(26,818)	5,190
Employee benefit obligation	2.10, 3, 9	10,565	169,263
Net cash provided by operating activities		380,126	570,460
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of other non-current assets		712,580	76,964
Net cash provided by investing activities		712,580	76,964
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital	11	937,500	-
Payment of advances from stockholders	2.8, 16	(1,500,000)	-
Net cash used in financing activities		(562,500)	-
INCREASE IN CASH		530,206	647,424
CASH			
January 1		4,108,281	3,460,857
December 31		P 4,638,487	P 4,108,281

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 1 - Corporate information

City Hall King Chow Foods Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to establish, operate and maintain restaurants, coffee shops parlors, cocktail lounges and cater foods. The registered office of the Company is at BELEJ Bldg., San Pedro St., Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 24, 2014.

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs). These financial statements have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency. All amounts are rounded to the nearest peso.

The Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission (SEC) have adopted the PFRS for SMEs which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover entities that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million;
(b) Are not required to file financial statements under Securities Regulation code (SRC) Rule 68.1 (unlisted and non-public entities);
(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and
(e) Not public utilities.

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The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

2.2 *Cash*

Cash comprises cash on hand and in banks.

2.3 *Trade receivables*

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.4 *Inventory*

Inventories are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

2.5 *Property and equipment*

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditures that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 - 5
Furniture and fixtures	3 - 5
Leasehold rights and improvements	3 - 5

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/ (losses) – net' in the statement of comprehensive income.

2.6 *Impairment of non-financial assets*

Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.7 *Trade and other payables*

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accrued expenses and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets and expenses are recognized. These are measured at amortized cost, normally equal to its nominal amount. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.8 *Related party relationships*

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common

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control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form.

2.9 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the Company under operating leases are charged to operations on a straight-line basis over the period of the lease.

2.10 Employee benefit obligation

The liability for employee benefit obligations relates to government-mandated retirement benefit payments. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company used a simplified method to measure its defined benefit obligation with respect to its current employees as the Company is unable to use the projected unit credit method without undue cost or effort. Under the simplified approach, future salary increases, future service and possible in-service mortality are ignored. The Company does not fund its obligation in advance.

2.11 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities, as described below:

(a) *Sale of goods* – The Company operates a restaurant business. Sale of goods are recognized when the Company sells a product to the customer as control passes to the customer on the day the transaction takes place. Sales are usually in cash or by credit card.

(b) *Interest income* – Interest income is recognized using the effective interest method.

(c) *Expenses* – Operating and administrative expenses are recognized when incurred.

2.12 Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting period.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

Note 3 - Information about key sources of estimation uncertainty and judgments

Estimates and judgments are continually evaluated. They are based on historical experiences and other factors, including expectations of future.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(a) *Income taxes*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Employee benefit obligation

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used in calculating such amounts. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

Note 4 - Cash

The account at December 31 consists of:

		2013		2012
Cash on hand	P	63,000	P	63,000
Cash in bank		4,575,487		4,045,281
	P	4,638,487	P	4,108,281

Cash account with banks generally earn interest based on daily bank deposit rate.

Note 5 - Trade receivables

Trade receivables at December 31 amounted to **P1,841,747** (2012 - P869,223).

Based on management's assessment as at December 31, 2013 and 2012, none of the above accounts are impaired.

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Note 6 – Inventory

The account at December 31 consists of:

		2013		2012
Food	P	230,992	P	192,896
Paper		89,185		46,718
Others		8,365		0
	P	328,542	P	239,614

The cost of inventories recognized as expense amounted to **P17,604,536** (2012 - P17,203,684).

Note 7 – Property and equipment

The account at December 31 consist of:

		Leasehold rights and improvements		Store equipment		Furniture and fixtures		Total
Cost								
January 1, 2012	P	9,287,073	P	9,362,702	P	1,910,672	P	20,560,447
Additions		0		0		0		0
Disposals		0		0		0		0
December 31, 2012		9,287,073		9,362,702		1,910,672		20,560,447
Additions		0		0		0		0
Disposals		0		0		0		0
December 31, 2013	**P**	**9,287,073**	**P**	**9,362,702**	**P**	**1,910,672**	**P**	**20,560,447**
Accumulated depreciation								
January 1, 2012	P	4,973,707	P	4,667,538	P	1,671,252	P	11,312,497
Depreciation charge		1,035,219		754,128		212,980		2,002,327
Disposal		0		0		0		0
December 31, 2012		6,008,926		5,421,666		1,884,232		13,314,824
Depreciation charge		1,035,219		754,128		26,440		1,815,787
Disposals		0		0		0		0
December 31, 2013	**P**	**7,044,145**	**P**	**6,175,794**	**P**	**1,910,672**	**P**	**15,130,611**
Net book values at:								
December 31, 2013	**P**	**2,242,928**	**P**	**3,186,908**	**P**	**0**	**P**	**5,429,836**
December 31, 2012	P	3,278,147	P	3,941,036	P	26,440	P	7,245,623

Depreciation charged to general and administrative expenses amounted to **P1,815,787** (2012 - P2,002,327).

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Note 8 - Commitments under operating leases

The Company leases a commercial space under a long-term lease of 10 years commencing on May 9, 2007. The lease is subject to rent reviews after 10 years. The lease is subject to renewal for another period under the same terms and conditions, subject to the payment of a reasonable monthly rental rate mutually agreed upon by the parties. Monthly rent is also subject to 10% escalation every year.

The minimum lease payments under operating leases recognized as expense during the year amounted to **P1,560,996** (2012 - P1,353,041).

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

		2013		2012
No later than 1 year	P	1,717,096	P	1,560,966
Later than 1 year and no later than 5 years		5,121,288		6,243,984
Later than 5 years		0		0
Total	P	6,868,384	P	7,804,980

Note 9 - Employee benefit obligations

The Company has no formal retirement plan. The Company's employee benefit obligation for retirement benefits is computed in accordance with Republic Act No. 7641 covering all regular employees. In case of retirement, employees shall be entitled to receive such retirement benefits as may have been earned under the existing laws.

The movements in the accrued retirement benefit payable recognized and presented as "Employee benefit obligation" account as of December 31, 2013 amounted to **P179,828** (2012 - P169,263). The Company's employee retirement benefits are based on employee pensionable compensation and length of service. The Company has not made any contribution for its retirement benefit obligation at December 31, 2013.

Related deferred tax asset recognized relative to this account at December 31, 2013 amounted **P53,949** (2012 - P50,779).

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Note 10 – Trade and other payables

Details of this account as of December 31 consist of:

		2013		2012
Trade payables	P	6,074,232	P	7,353,865
SSS, HDMF, PHIC and taxes on wages		457,601		333,902
Accrued expenses		1,356,353		1,063,548
	P	7,888,186	P	8,751,315

Note 11 – Share capital

The Capital stock of the Company as of December 31 consists of:

	Shares		Amount	
	2013	2012	2013	2012
Authorized at P100 par value	50,000	50,000	P 5,000,000	P 5,000,000
Issued:				
Balance at beginning of year	3,125	3,125	312,500	312,500
Issued during the year	9,375	0	937,500	0
Balance at end of year	12,500	3,125	1,250,000	312,500
Subscribed:				
Balance at beginning of year	9,375	9,375	937,500	937,500
Subscribed during the year	0	0	0	0
Paid up during the year	9,375	0	937,500	0
Balance at end of year	0	9,375	0	937,500

The Company is not exposed to externally imposed capital requirement.

Note 12 – Cost of goods sold

Details of this account as of December 31 follow:

	Notes		2013		2012
Food and Paper	2.4, 6	P	17,604,536	P	17,203,684
Supplies			1,900,897		1,286,253
Royalty			1,540,786		1,336,519
Advertisement			1,539,673		1,336,519
Senior Citizen Discount			360,775		297,804
Security Services			60,052		0
Miscellaneous			506,463		49,313
		P	23,513,182	P	21,510,092

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Details of food and paper cost follow:

		2013		2012
Inventory, beginning	P	239,614	P	118,631
Purchases		17,693,464		17,324,667
Inventory, end		(328,542)		(239,614)
	P	17,604,536	P	17,203,684

Note13 - General and administrative expenses

Details of this account as of December 31 follow:

	Notes		*2013*		*2012*
Salaries & Wages		P	2,573,175	P	1,404,479
Depreciation	2.5, 2.6, 7		1,815,787		2,002,327
Rental	2.9, 8		1,560,996		1,353,041
Light & Water			400,265		131,284
Taxes & Licenses	15.3		134,709		129,557
Repairs & Maintenance			89,016		126,190
Travel & Transportation			74,842		57,279
Postage Telephone & Telegraph			55,542		46,736
Insurance			50,614		44,996
Office Supplies			37,289		32,048
Retirement Benefits	2.10, 3, 9		10,565		169,263
SSS, PHIC & ECC Contributions			0		63,633
		P	6,802,800	P	5,560,833

Note 14 - Income taxes

The provision for income tax for the years ended December 31, 2013 and 2012 follow:

		2013		2012
Current	P	263,369	P	41,977
Deferred				
Employee benefit obligation		(3,170)		(50,779)
MCIT		0		(68,652)
	P	260,199	P	(77,454)

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The details of deferred tax assets at December 31 follow:

		2013		2012
Balance, January 1	P	192,072	P	72,641
Retirement benefit obligation		3,170		50,779
MCIT		0		68,652
Less: Applied to income tax due		(141,293)		0
Balance, December 31	P	53,949	P	192,072

The deferred tax asset applied to income tax due for the year ended December 31, 2013 consists of the following:

1. Net operating loss carry over (NOLCO) for the year ended December 31, 2010 amounting to P67,114 to which regular tax rate of 30% was applied = P20,134.
2. Minimum corporate income tax (MCIT) aggregating P121,159 representing excess tax provision under MCIT (2% of gross income) over normal income tax rate on the taxable income for the following periods:
    a. December 31, 2010 = P51,843
    b. December 31, 2011 = 664
    c. December 31, 2012 = 68,652

Aggregate quarterly income tax payments for the year ended December 31, 2013 exceeded income tax due by P99,908. The amount is reported under prepayments account at December 31, 2013.

At December 31, 2013, the Company recognized employee retirement benefit costs amounting to P10,565 (2012 - P50,779). These amounts are charged under general and administrative expenses. The deferred income tax asset at December 31, 2013 is computed on the Retirement Benefit Obligation at the 30% statutory tax rate.

Note 15 - Supplementary information required by Revenue Regulations No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

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15.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2013		2012
Gross sales of goods	P	31,183,313	P	27,041,586
Less: VAT exempt sales		1,803,872		1,489,159
Net vatable sale of goods		29,379,441		25,552,427
Output VAT	P	3,525,533	P	3,066,291

15.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2013		2012
Input VAT, January 1	P	0	P	0
Add: Current year's domestic purchases/payments				
Goods for resale or further processing		2,112,544		2,458,028
Goods other than for resale		949,480		188,433
Total Input VAT reported in the VAT returns		(3,062,024)		(2,646,461)
Input VAT, December 31	P	0	P	0

15.3 All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2013		2012
Business taxes, licenses and permits	P	117,639	P	112,487
Community tax certificate		10500		10,500
Other taxes and licenses				
Annual registration		500		500
City tourism		820		820
Mechanical/electrical /sign permit		4,200		4,200
Weighing scale/measuring tools permit		1,050		1,050
Total taxes and licenses paid during the year	P	134,709	P	129,557

15.4 Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

		2013		2012
Tax on compensation and benefits	P	70,784	P	104,048
Creditable withholding taxes		124,077		106,456
Final withholding taxes		308,157		[illegible]
Total withholding taxes for the year	P	503,018	P	[illegible]

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15.5 Importations

The company has no importations subject to import and custom duties and tariff fees for the year ended December 31, 2013 and 2012.

15.6 Excise tax

The company has not manufactured or produced goods for domestic sales or importation for the year ended December 31, 2013 and 2012.

15.7 Documentary stamp taxes (DST)

The company has no transactions subject to documentary stamp taxes for the year ended December 31, 2013 and 2012.

15.8 Tax and other cases

The Company has no pending tax investigations by the Bureau of Internal Revenue covering the Company's tax liabilities

There are no pending cases, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

Note 16 - Related party transactions

Advances from stockholders pertained to temporary borrowings to bridge the funding requirements of the Company. These account balances are presented as advances from stockholders, net of receivable balance, since these transactions were made by the same stockholders.

The Company has no specific agreements with related parties. Borrowings from related parties are non-interest bearing.

Note 17 – Capital deficiency

For the year ended December 31, 2013 the Company's operations resulted to a net income of P607,132 which resulted to the significant reduction in the accumulated deficiency at December 31, 2012.

This turnaround resulted from the continuous effort of Management to improve its sales revenue.

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C. C. BONTIA
REVENUE DISTRICT NO. 113A-WEST, DAVAO CITY

OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-13, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of Twenty Four (24) page (s).

Verified by: dated APRIL-13 2026

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "SSSSSSS"

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
C S 2 0 0 7 2 7 7 7 3

Company Name
CITY HALL KING CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)
BELEJ BLDG SAN PEDRO ST
DAVAO CITY

RECEIVED APR 24 2015

Form Type
A A F S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	224 5068	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	6/28	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CELERINO P. ERALINO	cp_eralino@[illegible]	[illegible]-2397	

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Contact Person's Address
3/F MERCO BLDG. BOLTON ST. DAVAO CITY

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

CITY HALL KING CHOW FOODS CORPORATION

BELEJ Bldg., San Pedro St., Davao City
Tel No. 2212397

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

29604.0033.0002

The management of CITY HALL KING CHOW FOODS CORPORATION is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2013 and 2014, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

MARY GRACE DE JESUS, the independent auditor, appointed by the stockholders has examined the financial statements of the company in accordance with the Philippine Standards on Auditing, and in her report to the stockholders, has expressed her opinion on the fairness of presentation upon completion of such examination.

631 15 APR

Jaime T. Cruz
(Name & Signature)
Chairman of the Board

Felisa T. Tan
(Name & Signature)
Treasurer

Signed this 16th day of MARCH, 2015.

SECURITIES AND EXCHANGE COMMISSION
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MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25 Phase 2D, Monte
Maria Village, Catalunan
Grande, Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

APR 21 2015

29604.0033.0003

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg.
San Pedro St., Davao City

I have examined the financial statements of CITY HALL KING CHOW FOODS CORPORATION for the year ended December 31, 2014, on which I have rendered the attached report dated March 16, 2015.

In compliance with SRC Rule 68, I am stating that the said company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

'15 APR 24 P6 :14

MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2017
CPA Certificate No. 0105886
PTR No. 5394327B, issued on January 15, 2015 at Davao City

Davao City
March 16, 2015

29604.0033.0004

AUDITED FINANCIAL STATEMENTS

CITY HALL KING CHOW FOODS CORPORATION
For the Years Ended December 31, 2014 and 2013

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APR 2 1 2015

MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25 Phase 2D, Monte
Maria Village, Catalunan
Grande, Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

29604.0033.0005

Independent Auditor's Report

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg.
San Pedro St., Davao City

APR 21 20..

Report on the Financial Statements

I have audited the accompanying financial statements CITY HALL KING CHOW FOODS CORPORATION, which comprise the statements of financial position as at December 31, 2014, and 2013, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

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accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CITY HALL KING CHOW FOODS CORPORATION** as at December 31, 2014, and 2013, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

29604.0033.0006

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and license fees in Note 15 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2017
CPA Certificate No. 0105886
Tax Identification No. 928-489-472
BIR AN-18-111-007-03-2014, effective until March 27, 2017
PTR No. 5394327B, issued on January 15, 2015 at Davao City

Davao City
March 16, 2015

APR 2 1 2015

APR 2 1 2015

CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

	Notes		2014		2013
ASSETS					
CURRENT ASSETS					
Cash	2.2, 4	P	8,937,624	P	4,638,487
Trade receivables	2.3, 5		1,603,362		1,841,747
Inventory	2.4, 6		362,618		328,542
Prepayments			116,072		586,996
Total current assets			11,019,676		7,395,772
NON-CURRENT ASSETS					
Property and equipment, net	2.5, 2.6, 7		3,640,489		5,429,836
Deferred tax assets	2.12, 3, 9, 14		57,118		53,948
Other non-current assets	2.6		425,000		-
Total non-current assets			4,122,607		5,483,784
TOTAL ASSETS		P	15,142,283	P	12,879,556
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	2.7, 10	P	9,421,165	P	7,888,186
Income tax payable	2.12, 3, 14		71,379		-
Total current liabilities			9,492,544		7,888,186
NON-CURRENT LIABILITIES					
Employee benefit obligations	2.10, 3, 9		190,393		179,828
Advances from stockholders	2.8, 16		3,500,000		3,500,000
Total non-current liabilities			3,690,393		3,679,828
Total liabilities			13,182,937		11,568,014
EQUITY					
Share capital	11		1,250,000		1,250,000
Retained earnings			709,346		61,542
Total equity			1,959,346		1,311,542
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		P	15,142,283	P	12,879,556

(See accompanying notes to financial statements)

CITY HALL KING CHOW FOODS CORPORATION

INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Notes	2014	2013
SALES REVENUE	2.11 (a)	P 32,975,374	P 31,183,313
COST OF GOODS SOLD	2.11 (c), 12	24,140,683	23,513,182
GROSS PROFIT		8,834,691	7,670,131
GENERAL AND ADMIN EXPENSES	2.11 (c), 13	7,909,258	6,802,800
INCOME BEFORE INCOME TAX		925,433	867,331
PROVISION FOR INCOME TAX	2.12, 3, 9, 14		
CURRENT		280,799	263,369
DEFERRED		(3,170)	(3,170)
INCOME TAX EXPENSE		277,629	260,199
NET INCOME FOR THE YEAR		P 647,804	P 607,132

(See accompanying notes to financial statements)

CITY HALL KING CHOW FOODS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Notes	Share Capital	Retained Earnings	Total
Balance as of January 1, 2013	11	P 312,500	P (545,590)	P (233,090)
Collection of subscribed capital	11	937,500	-	937,500
Net income for the year		-	607,132	607,132
Balance as of December 31, 2013		1,250,000	61,542	1,311,542
Net income for the year		-	647,804	647,804
Balance as of December 31, 2014		**P 1,250,000**	**P 709,346**	**P 1,959,346**

(See accompanying notes to financial statements)

CITY HALL KING CHOW FOODS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		P 647,804	P 607,132
Adjustment to reconcile net income to net cash provided by operating activities			
Deferred tax assets	2.12, 3, 9, 14	(3,170)	138,124
Depreciation	2.5, 2.6, 7	1,789,347	1,815,787
(Increase) decrease in:			
Trade receivables	2.3, 5	238,385	(972,524)
Inventories	2.4, 6	(34,076)	(88,928)
Prepayments		470,924	(240,083)
Increase (decrease) in:			
Trade and other payables	2.7, 10	1,532,979	(863,129)
Income tax payable	2.12, 3, 14	71,379	(26,818)
Employee benefit obligation	2.10, 3, 9	10,565	10,565
Net cash provided by operating activities		4,724,137	380,126
CASH FLOWS FROM INVESTING ACTIVITIES			
(Acquisition) disposal of other non-current assets	2.6	(425,000)	712,580
Net cash (used in) provided by investing activities		(425,000)	712,580
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital	11	-	937,500
Payment of advances from stockholders	2.8, 16	-	(1,500,000)
Net cash used in financing activities		-	(562,500)
INCREASE IN CASH		4,299,137	530,206
CASH			
January 1		4,638,487	4,108,281
December 31		P 8,937,624	P 4,638,487

(See accompanying notes to financial statements)

APR 21 2015

CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Note 1- Corporate information

City Hall King Chow Foods Corporation (the company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to establish, operate and maintain restaurants, coffee shops parlors, cocktail lounges and cater foods. The registered office of the Company is at BELEJ Bldg., San Pedro St., Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 16, 2015.

Note 2- Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs). These financial statements have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency. All amounts are rounded to the nearest peso.

The Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission (SEC) have adopted the PFRS for SMEs which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover entities that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million;
(b) Are not required to file financial statements under Securities Regulation code (SRC) Rule 68.1 (unlisted and non-public entities);
(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/ dealers, mutual funds and pre-need companies; and
(e) Not public utilities.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

2.2 *Cash*

Cash comprises cash on hand and in banks.

2.3 *Trade receivables*

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.4 *Inventory*

Inventories are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

2.5 *Property and equipment*

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditures that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 - 5
Furniture and fixtures	3 - 5
Leasehold rights and improvements	3 - 5

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/(losses) - net' in the statement of comprehensive income.

2.6 *Impairment of non-financial assets*

Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.7 *Trade and other payables*

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accrued expenses and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets and expenses are recognized. These are measured at amortized cost, normally equal to its nominal amount. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

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2.8 Related party relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form.

2.9 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the Company under operating leases are charged to operations on a straight-line basis over the period of the lease.

2.10 Employee benefit obligation

The liability for employee benefit obligations relates to government-mandated retirement benefit payments. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company used a simplified method to measure its defined benefit obligation with respect to its current employees as the Company is unable to use the projected unit credit method without undue cost or effort. Under the simplified approach, future salary increases, future service and possible in-service mortality are ignored. The Company does not fund its obligation in advance.

2.11 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities, as described below:

(a) *Sale of goods*– The Company operates a restaurant business. Sale of goods are recognized when the Company sells a product to the customer as control passes to the customer on the day the transaction takes place. Sales are usually in cash or by credit card.

(b) *Interest income*–Interest income is recognized using the effective interest method.

(c) *Expenses* – Operating and administrative expenses are recognized when incurred.

2.12 Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting period.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

Note 3 – Information about key sources of estimation uncertainty and judgments

Estimates and judgments are continually evaluated. They are based on historical experiences and other factors, including expectations of future.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(a) *Income taxes*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) *Employee benefit obligation*

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used in calculating such amounts. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

Note 4 - Cash

The account at December 31 consists of:

		2014		2013
Cash on hand	P	63,000	P	63,000
Cash in bank		8,874,624		4,575,487
	P	8,937,624	P	4,638,487

Cash account with banks generally earn interest based on daily bank deposit rate.

Note 5 - Trade receivables

Trade receivables at December 31 amounted toP1,603,362 (2013 - P1,841,747).

Based on management's assessment as at December 31, 2014 and 2013, none of the above accounts are impaired.

29604.0033.0017

Note 6 – Inventory

The account at December 31 consists of:

		2014		2013
Food	P	305,725	P	230,992
Paper		45,550		89,185
Others		11,343		8,365
	P	362,618	P	328,542

The cost of inventories recognized as expense amounted to **P18,466,209** (2013 – P17,604,536). (Note 12)

Note 7 – Property and equipment

The account at December 31 consists of:

		Leasehold rights and improvements		Store equipment	Furniture and fixtures	Total
Cost						
January 1, 2013	P	9,287,073	P	9,362,702	P 1,910,672	P 20,560,447
Additions		0		0	0	0
Disposals		0		0	0	0
December 31, 2013		9,287,073		9,362,702	1,910,672	20,560,447
Additions		0		0	0	0
Disposals		0		0	0	0
December 31, 2014	**P**	**9,287,073**	**P**	**9,362,702**	**P 1,910,672**	**P 20,560,447**
Accumulated depreciation						
January 1, 2013	P	6,008,926	P	5,421,666	P 1,884,232	P 13,314,824
Depreciation charge		1,035,219		754,128	26,440	1,815,787
Disposal		0		0	0	0
December 31, 2013		7,044,145		6,175,794	1,910,672	15,130,611
Depreciation charge		1,035,219		754,128	0	1,789,347
Disposals		0		0	0	0
December 31, 2014	**P**	**8,079,364**	**P**	**6,929,922**	**P 1,910,672**	**P 16,919,958**
Net book values at:						
December 31, 2014	**P**	**1,207,709**	**P**	**2,432,780**	**P 0**	**P 3,640,489**
December 31, 2013	P	2,242,928	P	3,186,908	P 0	P 5,429,836

Depreciation charged to general and administrative expenses amounted to P1,789,347 (2013 – P1,815,787). (Note 13)

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Note 8 - Commitments under operating leases

The Company leases a commercial space under a long-term lease of 10 years commencing on May 9, 2007. The lease is subject to rent reviews after 10 years. The lease is subject to renewal for another period under the same terms and conditions, subject to the payment of a reasonable monthly rental rate mutually agreed upon by the parties. Monthly rent is also subject to 10% escalation every year.

The minimum lease payments under operating leases recognized as expense during the year amounted to **P1,650,198** (2013 - P1,560,996). (Note 13)

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

		2014		2013
No later than 1 year	P	1,650,197	P	1,717,096
Later than 1 year and no later than 5 years		4,950,591		5,121,288
Later than 5 years		0		0
Total	P	6,600,788	P	6,868,384

Note 9 - Employee benefit obligations

The Company has no formal retirement plan. The Company's employee benefit obligation for retirement benefits is computed in accordance with Republic Act No. 7641 covering all regular employees. In case of retirement, employees shall be entitled to receive such retirement benefits as may have been earned under the existing laws.

The movements in the accrued retirement benefit payable recognized and presented as "Employee benefit obligation" account as of December 31, 2014 amounted to **P190,393** (2013 - P179,828). The Company's employee retirement benefits are based on employee pensionable compensation and length of service. The Company has not made any contribution for its retirement benefit obligation at December 31, 2014.

Related deferred tax asset recognized relative to this account at December 31, 2014 amounted **P57,118** (2013 -P53,948). (Note 14)

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29604.0033.0019

Note 10 - Trade and other payables

Details of this account as of December 31 consist of:

		2014		2013
Trade payables	P	7,521,050	P	6,074,232
SSS, HDMF, PHIC and taxes on wages		435,873		457,601
Accrued expenses		1,464,242		1,356,353
	P	9,421,165	P	7,888,186

Note 11 - Share capital

The Company is authorized to issue ten thousand (50,000) ordinary shares with a par value of one hundred pesos (P100) per share. The balances at December 31, 2014 and 2013 comprise twelve thousand five hundred (12,500) ordinary shares with par value of one million two hundred fifty thousand pesos (P1,250,000) fully paid, issued and outstanding.

The Company is not exposed to externally imposed capital requirement.

Note 12 - Cost of goods sold

Details of this account as of December 31 follow:

	Notes		2014		2013
Food and Paper	2.4, 6	P	18,466,209	P	17,604,536
Royalty			1,625,815		1,540,786
Advertisement			1,527,853		1,539,673
Supplies			1,464,904		1,900,897
Senior Citizen Discount			438,263		360,775
Security Services			86,403		60,052
Miscellaneous			531,236		506,463
		P	24,140,683	P	23,513,182

Details of food and paper cost follow:

	Notes		2014		2013
Inventory, beginning		P	328,542	P	239,614
Purchases			18,500,285		17,693,464
Inventory, end	6		(362,618)		(328,542)
		P	18,466,209	P	17,604,536

29604.0033.0020

Note 13 - General and administrative expenses

Details of this account as of December 31 follow:

	Notes		2014		2013
Salaries & Wages		P	2,980,991	P	2,573,175
Depreciation	2.5, 2.6, 7		1,789,347		1,815,787
Rental	2.9, 8		1,650,198		1,560,996
Light & Water			777,405		400,265
Repairs & Maintenance			270,818		89,016
Taxes & Licenses	15.3		154,714		134,709
Travel & Transportation			127,234		74,842
Postage Telephone & Telegraph			53,146		55,542
Insurance			52,236		50,614
Office Supplies			42,604		37,289
Retirement Benefits	2.10, 3, 9		10,565		10,565
		P	7,909,258	P	6,802,800

Note 14 - Income taxes

The provision for income tax for the years ended December 31, 2014 and 2013follow:

		2014		2013
Current (30%)	P	280,799	P	263,369
Deferred (30%)				
Retirement benefit obligation		(3,170)		(3,170)
Income Tax Expense	P	277,629	P	260,199

The gross movement on the deferred income tax account is as follows:

		2014		2013
Balance, January 1	P	53,948	P	192,071
Retirement benefit obligation		3,170		3,170
Less: Applied to income tax due		0		(141,293)
Balance, December 31	P	57,118	P	53,948

Excess quarterly income tax payments aggregating P99,908 at December 31, 2013 is applied to income tax due for the year ended December 31, 2014.

The Company recognized employee retirement benefit costs. These amounts are charged under general and administrative expenses. The deferred income tax asset at December 31 is computed on the Employee Benefit Obligation at the 30% statutory tax rate.

		Retirement Benefit			Tax Effect	
		2014	2013		2014	2013
Beginning balance	P	179,828	169,263	P	53,948	50,778
Provision during the year		10,565	10,565		3,170	3,170
Ending balance	P	190,393	179,828	P	57,118	53,948

Note 15 - Supplementary information required by Revenue Regulations No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

15.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2014		2013
Gross sales of goods	P	32,975,374	P	31,183,313
Less: VAT exempt sales		2,191,313		1,803,872
Net vatable sale of goods		30,784,061		29,379,441
Output VAT	P	3,694,087	P	3,525,533

29604.0033.0022

15.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2014		2013
Input VAT, January 1	P	0	P	0
Add: Current year's domestic purchases/payments				
Goods for resale or further processing		2,215,945		2,112,544
Goods other than for resale		1,080,849		949,480
Total Input VAT reported in the VAT returns		(3,296,794)		(3,062,024)
Input VAT, December 31	P	0	P	0

15.3 All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2014		2013
Business taxes, licenses and permits	P	137,644	P	117,639
Community tax certificate		10,500		10500
Other taxes and licenses				
Annual registration		500		500
City tourism		820		820
Mechanical/electrical /sign permit		4,200		4,200
Weighing scale/measuring tools permit		1,050		1,050
Total taxes and licenses paid during the year	P	154,714	P	134,709

15.4 Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

		2014		2013
Tax on compensation and benefits	P	92,741	P	70,784
Creditable withholding taxes		178,781		124,077
Final withholding taxes		325,163		308,157
Total withholding taxes for the year	P	596,685	P	503,018

15.5 Importations

The company has no importations subject to import and custom duties and tariff fees for the year ended December 31, 2014 and 2013.

15.6 Excise tax

The company has not manufactured or produced goods for domestic sales or importation for the year ended December 31, 2014 and 2013.

15.7 Documentary stamp taxes (DST)

The company has no transactions subject to documentary stamp taxes for the year ended December 31, 2014 and 2013.

15.8 Tax and other cases

The Company has no pending tax investigations by the Bureau of Internal Revenue covering the Company's tax liabilities.

There are no pending cases, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

Note 16 - Related party transactions

Advances from stockholders pertained to temporary borrowings to bridge the funding requirements of the Company. These account balances are presented as advances from stockholders, net of receivable balance, since these transactions were made by the same stockholders.

The Company has no specific agreements with related parties. Borrowings from related parties are non-interest bearing.

MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25, Phase 2D
Monte Maria Village
Catalunan Grande
Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

29604.0033.0024

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg.
San Pedro St., Davao City

I have audited in accordance with Philippine Standards on Auditing, the financial statements of CITY HALL KING CHOW FOODS CORPORATION, for the years then ended December 31, 2014 and 2013 and have issued my report thereon dated March 16, 2015. My audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Reconciliation of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2014 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the provision of SRC Rule 68, as amended (2011) and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2017
CPA Certificate No. 0105886
Tax Identification No. 928-489-472
BIR AN-18-111-007-03-2014, effective until March 27, 2017
PTR No. 5394327B, issued on January 15, 2015 at Davao City

Davao City
March 16, 2015

CITY HALL KING CHOW FOODS CORPORATION

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2014

Unappropriated Retained Earnings, as adjusted, beginning	P	187,421
Add: Net income during the period closed to Retained Earnings		647,804
Adjustments:		
Provision for employee benefit (net of tax)		7,395
Unappropriated Retained Earnings, as adjusted, ending	**P**	**842,620**

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-13, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of Twenty six (26) page (s).

Verified by: ______________ dated APRIL-13 2026

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "TTTTTTT"

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SECURITIES AND EXCHANGE COMMISSION (SEC)
DAVAO EXTENSION OFFICE
APR 27 2015
RECEIVED SUBJECT TO REVIEW

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 7 2 7 7 7 3

Company Name

C I T Y   H A L L   K I N G   C H O W   F O O D S
C O R P O R A T I O N

Principal Office (No./Street/Barangay/City/Town)Province)

B E L E J   B L D G   S A N   P E D R O   S T
D A V A O   C I T Y

315716 APR 27 PM 2:

Form Type: A A F S

Department requiring the report:

Secondary License Type, If Applicable:

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	2 2 4 5 0 6 8	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	6/28	12/31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CIGER C. SARIO	jb-ciger@yc	221-2397	

Contact Person's Address

3/F MERCO BLDG BOLTON ST DAVAO CITY

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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CITY HALL KING CHOW FOODS CORPORATION

BELEJ Bldg., San Pedro St., Davao City
Tel No. 2212397

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of CITY HALL KING CHOW FOODS CORPORATION is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2015, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

MARY GRACE DE JESUS, the independent auditor, appointed by the stockholders has examined the financial statements of the company in accordance with the Philippine Standards on Auditing, and in her report to the stockholders, has expressed her opinion on the fairness of presentation upon completion of such examination.

SECURITIES AND EXCHANGE COMMISSION
'16 APR 27 PM 12:

Jaime T. Cruz
(Name & Signature)
Chairman of the Board / PRESIDENT

Felisa T. Tan
(Name & Signature)
Treasurer

Signed this 1st day of March 2016.

MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25 Phase 2D, Monte
Maria Village, Catalunan
Grande, Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg.
San Pedro St., Davao City

I have examined the financial statements of CITY HALL KING CHOW FOODS CORPORATION for the year ended December 31, 2015, on which I have rendered the attached report dated March 1, 2016.

In compliance with SRC Rule 68, I am stating that the said company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

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MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 20
CPA Certificate No. 0105886
PTR No. 6865873, issued on January 13, 2016 at Davao City

Davao City
March 1, 2016

37053 0111 0003

MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25 Phase 2D, Monte
Maria Village, Catalunan
Grande, Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

Independent Auditor's Report

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg.
San Pedro St., Davao City

Report on the Financial Statements

I have audited the accompanying financial statements CITY HALL KING CHOW FOODS CORPORATION, which comprise the statements of financial position as at December 31, 2015, and 2014, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

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accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CITY HALL KING CHOW FOODS CORPORATION** as at December 31, 2015, and 2014, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and license fees in Note 15 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2017
CPA Certificate No. 0105886
Tax Identification No. 928-489-472
BIR AN-18-111-007-03-2014, effective until March 27, 2017
PTR No. 6865873, issued on January 13, 2016 at Davao City

Davao City
March 1, 2016

REGION 19 DISTRICT NO. 113A-WEST, DAVAO CITY
APR 15 2016

CITY HALL KING CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

	Notes	2015	2014
ASSETS			
CURRENT ASSETS			
Cash	2.2, 4	P 7,841,602	P 8,937,624
Trade receivables	2.3, 5	1,690,049	1,603,362
Inventory	2.4, 6	453,758	362,618
Prepayments		179,142	116,072
Total current assets		10,164,551	11,019,676
NON-CURRENT ASSETS			
Property and equipment, net	2.5, 2.6, 7	1,851,142	3,640,489
Deferred tax assets	2.12, 3, 9, 14	60,288	57,118
Other non-current assets	2.6	340,000	425,000
Total non-current assets		2,251,430	4,122,607
TOTAL ASSETS		P 12,415,981	P 15,142,283
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	2.7, 10	P 5,742,816	P 9,421,165
Income tax payable	2.12, 3, 14	113,591	71,379
Total current liabilities		5,856,407	9,492,544
NON-CURRENT LIABILITIES			
Employee benefit obligations	2.10, 3, 9	200,958	190,393
Advances from stockholders	2.8, 16	3,500,000	3,500,000
Total non-current liabilities		3,700,958	3,690,393
Total liabilities		9,557,365	13,182,937
EQUITY			
Share capital	11	1,250,000	1,250,000
Retained earnings		1,608,616	709,346
Total equity		2,858,616	1,959,346
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		P 12,415,981	P 15,142,283

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION

INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Notes		2015		2014
SALES REVENUE	2.11 (a)	P	37,253,128	P	32,975,374
COST OF GOODS SOLD	2.11 (b), 12		26,169,211		24,140,683
GROSS PROFIT			11,083,917		8,834,691
GENERAL AND ADMIN EXPENSES	2.11 (b), 13		9,799,246		7,909,258
INCOME BEFORE INCOME TAX			1,284,671		925,433
PROVISION FOR INCOME TAX	2.12, 3, 9, 14				
CURRENT			388,571		280,799
DEFERRED			(3,170)		(3,170)
INCOME TAX EXPENSE			385,401		277,629
NET INCOME FOR THE YEAR		P	899,270	P	647,804

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CITY HALL KING CHOW FOODS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Notes	Share Capital	Retained Earnings	Total
Balance as of January 1, 2014	11	P 1,250,000	P 61,542	P 1,311,542
Net income for the year		-	647,804	647,804
Balance as of December 31, 2014		1,250,000	709,346	1,959,346
Net income for the year		-	899,270	899,270
Balance as of December 31, 2015		P 1,250,000	P 1,608,616	P 2,858,616

(See accompanying notes to financial statements)

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CITY HALL KING CHOW FOODS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		P 899,270	P 647,804
Adjustment to reconcile net income to net cash (used in) provided by operating activities			
Deferred tax assets	2.12, 3, 9, 14	(3,170)	(3,170)
Depreciation	2.5, 2.6, 7	1,789,347	1,789,347
(Increase) decrease in:			
Trade receivables	2.3, 5	(86,687)	238,385
Inventories	2.4, 6	(91,140)	(34,076)
Prepayments		(63,070)	470,924
Increase (decrease) in:			
Trade and other payables	2.7, 10	(3,678,349)	1,532,979
Income tax payable	2.12, 3, 14	42,212	71,379
Employee benefit obligation	2.10, 3, 9	10,565	10,565
Net cash (used in) provided by operating activities		(1,181,022)	4,724,137
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal (acquisition) of other non-current assets	2.6	85,000	(425,000)
Net cash provided by (used in) investing activities		85,000	(425,000)
(DECREASE) INCREASE IN CASH		(1,096,022)	4,299,137
CASH			
January 1		8,937,624	4,638,487
December 31		P 7,841,602	P 8,937,624

(See accompanying notes to financial statements)

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REVENUE DISTRICT NO. 113A-WEST
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CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 1 - Corporate information

City Hall King Chow Foods Corporation (the company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to establish, operate and maintain restaurants, coffee shops parlors, cocktail lounges and cater foods. The registered office of the Company is at BELEJ Bldg., San Pedro St., Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 1, 2016.

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs). These financial statements have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency. All amounts are rounded to the nearest peso.

The Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission (SEC) have adopted the PFRS for SMEs which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover entities that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million;
(b) Are not required to file financial statements under Securities Regulation code (SRC) Rule 68.1 (unlisted and non-public entities);
(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and
(e) Not public utilities.

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The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

2.2 Cash

Cash comprises cash on hand and in banks.

2.3 Trade receivables

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.4 Inventory

Inventories are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

2.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditures that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights and improvements	3 - 5

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/(losses) – net' in the income statement.

2.6 Impairment of non-financial assets

Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.7 Trade and other payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accrued expenses and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets and expenses are recognized. These are measured at amortized cost, normally equal to its nominal amount. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.8 Related party relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form.

2.9 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the Company under operating leases are charged to operations on a straight-line basis over the period of the lease.

2.10 Employee benefit obligation

The liability for employee benefit obligations relates to government-mandated retirement benefit payments. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company used a simplified method to measure its defined benefit obligation with respect to its current employees as the Company is unable to use the projected unit credit method without undue cost or effort. Under the simplified approach, future salary increases, future service and possible in-service mortality are ignored. The Company does not fund its obligation in advance.

2.11 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities, as described below:

(a) Sale of goods- The Company operates a restaurant business. Sale of goods are recognized when the Company sells a product to the customer as control passes to the customer on the day the transaction takes place. Sales are usually in cash or by credit card.

(b) Expenses – Operating and administrative expenses are recognized when incurred.

2.12 *Income taxes*

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting period.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.13 *Events after the reporting date*

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

Note 3 – Information about key sources of estimation uncertainty and judgments

Estimates and judgments are continually evaluated. They are based on historical experiences and other factors, including expectations of future.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(a) *Income taxes*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) *Employee benefit obligation*

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used in calculating such amounts. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

Note 4 - Cash

The account at December 31 consists of:

	2015	2014
Cash on hand	P 63,000	P 63,000
Cash in bank	7,778,602	8,874,624
	P 7,841,602	P 8,937,624

Cash account with banks generally earn interest based on daily bank deposit rate.

Note 5 - Trade receivables

Trade receivables at December 31 amounted to **P1,690,049** (2014 - P1,603,362).

Based on management's assessment as at December 31, 2015 and 2014, none of the above accounts are impaired.

Note 6 – Inventory

The account at December 31 consists of:

		2015		2014
Food	P	376,707	P	305,725
Paper		77,051		45,550
Others		0		11,343
	P	453,758	P	362,618

The cost of inventories recognized as expense amounted to P20,096,445 (2014 – P18,466,209). (Note 12)

Note 7 – Property and equipment

The account at December 31 consists of:

	Leasehold rights and improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2014	P 9,287,073	P 9,362,702	P 1,910,672	P 20,560,447
Additions	0	0	0	0
Disposals	0	0	0	0
December 31, 2014	9,287,073	9,362,702	1,910,672	20,560,447
Additions	0	0	0	0
Disposals	0	0	0	0
December 31, 2015	**P 9,287,073**	**P 9,362,702**	**P 1,910,672**	**P 20,560,447**
Accumulated depreciation				
January 1, 2014	P 7,044,145	P 6,175,794	P 1,910,672	P 15,130,611
Depreciation charge	1,035,219	754,128	0	1,789,347
Disposal	0	0	0	0
December 31, 2014	8,079,364	6,929,922	1,910,672	16,919,958
Depreciation charge	1,035,219	754,128	0	1,789,347
Disposals	0	0	0	0
December 31, 2015	**P 9,114,583**	**P 7,684,050**	**P 1,910,672**	**P 18,709,305**
Net book values at:				
December 31, 2015	**P 172,490**	**P 1,678,652**	**P 0**	**P 1,851,142**
December 31, 2014	P 1,207,709	P 2,432,780	P 0	P 3,640,489

Depreciation charged to general and administrative expenses amounted to P1,789,347 (2014 – P1,789,347). (Note 13)

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Note 8 – Commitments under operating leases

The Company leases a commercial space under a long-term lease of 10 years commencing on May 9, 2007. The lease is subject to rent reviews after 10 years. The lease is subject to renewal for another period under the same terms and conditions, subject to the payment of a reasonable monthly rental rate mutually agreed upon by the parties. Monthly rent is also subject to 10% escalation every year.

The minimum lease payments under operating leases recognized as expense during the year amounted to **P1,862,704** (2014 – P1,650,198).(Note 13)

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

		2015		2014
No later than 1 year	P	**1,862,704**	P	1,650,197
Later than 1 year and no later than 5 years		**3,087,887**		4,950,591
Later than 5 years		**0**		0
Total	**P**	**4,950,591**	P	6,600,788

Note 9 – Employee benefit obligations

The Company has no formal retirement plan. The Company's employee benefit obligation for retirement benefits is computed in accordance with Republic Act No. 7641 covering all regular employees. In case of retirement, employees shall be entitled to receive such retirement benefits as may have been earned under the existing laws.

The movements in the accrued retirement benefit payable recognized and presented as "Employee benefit obligation" account as of December 31, 2015 amounted to **P200,958** (2014 - P190,393). The Company's employee retirement benefits are based on employee pensionable compensation and length of service. The Company has not made any contribution for its retirement benefit obligation at December 31, 2015.

Related deferred tax asset recognized relative to this account at December 31, 2015 amounted **P60,288** (2014 - P57,118). (Note 14)

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Note 10 - Trade and other payables

Details of this account as of December 31 consist of:

		2015		2014
Trade payables	P	3,901,362	P	7,521,050
Accrued expenses		1,377,412		1,464,242
SSS, HDMF, PHIC and taxes on wages		464,042		435,873
	P	5,742,816	P	9,421,165

Note 11 - Share capital

The Company is authorized to issue ten thousand (50,000) ordinary shares with a par value of one hundred pesos (P100) per share. The balances at December 31, 2015 and 2014 comprise twelve thousand five hundred (12,500) ordinary shares with par value of one million two hundred fifty thousand pesos (P1,250,000) fully paid, issued and outstanding.

The Company is not exposed to externally imposed capital requirement.

Note 12 - Cost of goods sold

Details of this account as of December 31 follow:

	Notes		2015		2014
Food and Paper	2.4, 6	P	20,096,445	P	18,466,209
Royalty			1,838,748		1,625,815
Advertisement			1,651,041		1,527,853
Supplies			1,198,578		1,464,904
Senior Citizen Discount			569,428		438,263
Security Services			27,125		86,403
Miscellaneous			787,846		531,236
		P	26,169,211	P	24,140,683

Details of food and paper cost follow:

	Notes		2015		2014
Inventory, beginning	6	P	362,618	P	328,542
Purchases			20,187,585		18,500,285
Inventory, end	6		(453,758)		(362,618)
		P	20,096,445	P	18,466,209

Note 13 - General and administrative expenses

Details of this account as of December 31 follow:

	Notes		2015		2014
Salaries & Wages		P	4,085,710	P	2,980,991
Depreciation	2.5, 2.6, 7		1,789,347		1,789,347
Rental	2.9, 8		1,862,704		1,650,198
Light & Water			1,378,622		777,405
Repairs & Maintenance			315,611		270,818
Taxes & Licenses	15.3		143,787		154,714
Travel & Transportation			82,422		127,234
Postage Telephone & Telegraph			45,548		53,146
Insurance			44,135		52,236
Office Supplies			40,795		42,604
Retirement Benefits	2.10, 3, 9		10,565		10,565
		P	9,799,246	P	7,909,258

Note 14 - Income taxes

The provision for income tax for the years ended December 31, 2015 and 2014 follow:

		2015		2014
Current (30%)	P	388,571	P	280,799
Deferred (30%)				
Retirement benefit obligation		(3,170)		(3,170)
Income Tax Expense	P	385,401	P	277,629

The Company recognized employee retirement benefit costs. These amounts are charged under general and administrative expenses. The deferred income tax asset at December 31 is computed on the Employee Benefit Obligation at the 30% statutory tax rate.

		Retirement Benefit			Tax Effect	
		2015	2014		2015	2014
Beginning balance	P	190,393	179,828	P	57,118	53,948
Provision during the year		10,565	10,565		3,170	3,170
Ending balance	P	200,958	190,393	P	60,288	57,118

Note 15 – Supplementary information required by Revenue Regulations No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

15.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2015		2014
Gross sales of goods	P	37,253,128	P	32,975,374
Less: VAT exempt sales		2,847,139		2,191,313
Net vatable sale of goods		34,405,989		30,784,061
Output VAT	P	4,128,719	P	3,694,087

15.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2015		2014
Input VAT, January 1	P	0	P	0
Add: Current year's domestic purchases/payments				
Goods for resale or further processing		2,411,573		2,215,945
Goods other than for resale		1,214,529		1,080,849
Total Input VAT reported in the VAT returns		(3,626,102)		(3,296,794)
Input VAT, December 31	P	0	P	0

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15.3 All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2015		2014
Business taxes, licenses and permits	P	126,717	P	137,644
Community tax certificate		10,500		10,500
Other taxes and licenses				
Annual registration		500		500
City tourism		820		820
Mechanical/electrical /sign permit		4,200		4,200
Weighing scale/measuring tools permit		1,050		1,050
Total taxes and licenses paid during the year	P	143,787	P	154,714

15.4 Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

		2015		2014
Tax on compensation and benefits	P	135,590	P	92,741
Creditable withholding taxes		427,253		178,781
Final withholding taxes		367,350		325,163
Total withholding taxes for the year	P	930,193	P	596,685

15.5 Importations

The company has no importations subject to import and custom duties and tariff fees for the year ended December 31, 2015 and 2014.

15.6 Excise tax

The company has not manufactured or produced goods for domestic sales or importation for the year ended December 31, 2015 and 2014.

15.7 Documentary stamp taxes (DST)

The company has no transactions subject to documentary stamp taxes for the year ended December 31, 2015 and 2014.

15.8 Tax and other cases

The Company has no pending tax investigations by the Bureau of Internal Revenue covering the Company's tax liabilities.

There are no pending cases, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

Note 16 - Related party transactions

Advances from stockholders pertained to temporary borrowings to bridge the funding requirements of the Company. These account balances are presented as advances from stockholders, net of receivable balance, since these transactions were made by the same stockholders.

The Company has no specific agreements with related parties. Borrowings from related parties are non-interest bearing.

MARY GRACE D. DE JESUS
Certified Public Accountant

B3-L25, Phase 2D
Monte Maria Village
Catalunan Grande
Davao City

TeleFax No. (082) (2286695)
BOA Accreditation No. 4393

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
BELEJ Bldg.
San Pedro St., Davao City

I have audited in accordance with Philippine Standards on Auditing, the financial statements of CITY HALL KING CHOW FOODS CORPORATION, for the years then ended December 31, 2015 and 2014 and have issued my report thereon dated March 1, 2016. My audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Reconciliation of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2015 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the provision of SRC Rule 68, as amended (2011) and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

MARY GRACE D. DE JESUS
PRC/BOA Registered Practitioner No. 4393, effective until December 31, 2017
CPA Certificate No. 0105886
Tax Identification No. 928-489-472
BIR AN-18-111-007-03-2014, effective until March 27, 2017
PTR No. 6865873, issued on January 13, 2016 at Davao City

Davao City
March 1, 2016

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CITY HALL KING CHOW FOODS CORPORATION

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2015

Unappropriated Retained Earnings, as adjusted, beginning		842,621
Add: Net income during the period closed to Retained Earnings		899,270
Adjustments:		
Provision for employee benefit (net of tax)		7,396
Appropriations of Retained Earnings (2015)		-
Unappropriated Retained Earnings, as adjusted, ending	**P**	**1,749,287**

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4- 13, 20 26

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY FIVE (25) page (s).

Verified by: ______ dated APRIL-13 20 26

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

SECURITIES AND EXCHANGE COMMISSION (SEC)
DAVAO EXTENSION OFFICE
MAY 03 2017
RECEIVED SUBJECT TO REVIEW OF FORM & CONTENT

ANNEX "UUUUUUUU"

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 200727773

Company Name
CITY HALL KING CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)
BELEJ BLDG SAN PEDRO ST
DAVAO CITY

25 '17 MAY -3 P8:57

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	224 5068	
No. of Stockholders	**Annual Meeting Month/Day**	**Fiscal Year Month/Day**
5	28-Jun	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CIGER C. SARIO	jb_ciger@yahoo.com	221-2397	

3/F MERCO BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, regination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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Date Issued:

APR 07 2017

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AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name:	City Hall King Chow Foods Corporation
SEC Registration Number:	CS-200727773
Principal Office:	Belej Bldg., San Pedro St., Davao City
Contact Number:	224-5068
Contact Person:	Ciger C. Sario
Address:	3/F Merco Bldg., Bolton St., Davao City
Contact Number:	221-2397

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CITYHALL KING CHOW FOODS CORPORATION

BELEJ BLDG, SAN PEDRO ST. DAVAO CITY
Tel. No. 221-2397

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

March 23, 2017

The management of **CITYHALL KING CHOW FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for years ended December 31, 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

CLARITO, TAN & ASSOCIATES, the independent auditor appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in his report to the stockholders (members), has expressed his opinion on the fairness of presentation upon completion of such audit.

Chairman of the Board, President & Chief Executive Officer: **JAIME T. CRUZ**
Signature over printed name

Treasurer & Chief Financial Officer: **GERLIE S. DELA CRUZ**
Signature over printed name

50632 0406

CITYHALL KING CHOW FOODS CORPORATION
BELEJ BLDG, SAN PEDRO ST. DAVAO CITY
Tel. No. 221-2397

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

March 24, 2017

The management of **CITYHALL KING CHOW FOODS CORPORATION** is responsible for all information and representations contained in the annual income tax return for taxable year ended December 31, 2016. Management is likewise responsible for all information and representations contained in the financial statements accompanying the annual income tax return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all other tax returns filed for the reporting period, including but not limited to, the value added tax or other percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statement(s) for the year ended December 31, 2016 and the accompanying annual income tax return are in accordance with the books and records of **CITYHALL KING CHOW FOODS CORPORATION.**, complete and correct in all material respects. Management likewise affirms that:

a) the annual income tax return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to the accounting rules has been reported as reconciling items and maintained in the Company's books of accounts and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c) it has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Chairman of the Board, President & Chief Executive Officer:
JAIME T. CRUZ
Signature over printed name

Treasurer/Chief Finance Officer:
GERLIE S. DELA CRUZ
Signature over printed name

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"Your business is the heart of our service"
Clarito, Tan & Associates
Accounting, Auditing and Consultancy Professionals

Del Rosario Bldg., Mezzanine Flr. Magallanes St., Davao City
Tel. No. 221-2599 | Email: clarito_tan_associates@gmail.com

Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Stockholders of
City Hall King Chow Foods Corporation
Belej Bldg., San Pedro St., Davao City

We, the appointed independent auditor of **City Hall King Chow Foods Corporation**, do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 14 of the Notes to Financial Statements.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until December 31, 2018
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 8189820 issued February 7, 2017 at Davao City
CTC No. 08853619 issued January 6, 2017 at Davao City

March 27, 2017
Davao City

Clarito, Tan & Associates
Your business is the heart of our service
Accounting, Auditing and Consultancy Professionals

Del Rosario Bldg., Mezzanine Flr. Magallanes St., Davao City
Tel. No. 221-2599 I Email: clarito_tan_associates@gmail.com

50632 0408

To the Board of Directors and Stockholders of
City Hall King Chow Foods Corporation
Belej Bldg., San Pedro St., Davao City

We have examined the financial statements of **City Hall King Chow Foods Corporation** for the year ended December 31, 2016 on which we have rendered the attached report dated March 27, 2017.

In compliance with SRC Rule 68, we have stating that the said company has a total number of three (3) stockholders owning one hundred (100) or more shares each.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until December 31, 2018
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 8189820 issued February 7, 2017 at Davao City
CTC No. 08853619 issued January 6, 2017 at Davao City

March 27, 2017
Davao City

50632 0409

To the Board of Directors and Stockholders of
City Hall King Chow Foods Corporation
Belej Bldg., San Pedro St., Davao City

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **CITY HALL KING CHOW FOODS CORPORATION**, which comprise the statement of financial position as at December 31, 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Philippine Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

BIR REVENUE REGION 19
RECEIVED
M.L. MANGAD
REVENUE DISTRICT NO. 113 WEST, DAVAO
APR 07 2017

As part of an audit in accordance with Philippine Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of **CITY HALL KING CHOW FOODS CORPORATION** in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, As Amended (2011). Such information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule when taken as a whole.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until December 31, 2018
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 8189820 issued February 7, 2017 at Davao City
CTC No. 08853619 issued January 6, 2017 at Davao City

March 27, 2017
Davao City

ANTONETTE-BECERRA RAÑESES, CPA
Room 203 Carriedo Bldg., Magallanes St., Davao City
Landline No. (082) 224-2527 I Mobile No. 0925-7994157
Email Address: araineses@yahoo.com

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for **CITY HALL KING CHOW FOODS CORPORATION** for the period ended December 31, 2016.

In discharging this responsibility, I hereby declare that:

I am the External Accountant of **CITY HALL KING CHOW FOODS CORPORATION** and was contracted to perform this service.

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to the Financial Statements, I was not assisted by or did not avail of the services of **CLARITO, TAN & ASSOCIATES** who/which are the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

ANTONETTE-BECERRA RAÑESES, CPA
Tax Identification No. 162-112-373
BOA Accreditation No. 6094 valid until December 31, 2018
BIR Accreditation No. 19-006335-001-2016 valid until January 19, 2019
CPA Board Certificate No. 132967
PTR No. 814605B dated January 13, 2017

February 27, 2017
Davao City

SUBSCRIBED AND SWORN before me, this 0 5 APR 2017 at Davao City, Philippines, ANTONETTE-BECERRA RAÑESES, CPA exhibiting to me her valid PRC CPA ID No. 132967.

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Page No. 76
Book No. XXIX
Series of 2017

IRA R. CALATRAVA-VALENZUELA
Notary Public
Notarial Commission No. 2017-001-20
Commission Expires on December 31, 2018
Roll of Attorney No. 56363
IBP No. 1030190 10/27/16 DC (for 2017)
PTR No. 8173717 12/15/16 DC (for 2017)
Room 203 H&2J Land Discovery, Inc. Bldg
Mabini cor. Bonifacio St., Davao City

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City Hall King Chow Foods Corporation
Statements of Financial Position
As of December 31, 2016 and 2015

	Note	2016	2015
ASSETS			
Current Assets			
Cash	2.3.1 , 4	Php 7,728,480	Php 7,841,602
Trade receivables	2.3.2 , 5	1,380,469	1,690,049
Inventory	2.3.3 , 6	428,545	453,758
Other current assets	2.3.4 , 7	169,826	179,142
Total Current Assets		9,707,320	10,164,551
Noncurrent Assets			
Property and equipment, net	2.3.5 , 8	924,524	1,851,142
Deferred tax asset	2.3.6 , 14	441,331	60,288
Other noncurrent assets		485,877	340,000
Total Noncurrent Assets		1,851,732	2,251,430
Total Assets		Php 11,559,052	Php 12,415,981
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities			
Trade and other payables	2.3.8 , 9	4,977,079	5,742,816
Income tax payable	2.3.13	-	113,591
Total Current Liabilities		4,977,079	5,856,407
Noncurrent Liabilities			
Employee benefit obligation	2.3.11 , 11	211,523	200,958
Advances from Stockholders		3,500,000	3,500,000
Total Noncurrent Liabilities		3,711,523	3,700,958
Total Liabilities		8,688,602	9,557,365
Stockholder's Equity			
Share capital	12	1,250,000	1,250,000
Retained earnings-Unappropriated		1,620,450	1,608,616
Total Stockholder's Equity		2,870,450	2,858,616
Total Liabilities and Stockholder's Equity		Php 11,559,052	Php 12,415,981

See accompanying Notes to Financial Statements.

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City Hall King Chow Foods Corporation
Statements of Comprehensive Income
For the Years Ended December 31, 2016 and 2015

	Note	2016	2015
REVENUE			
Sales		**Php 38,328,960**	Php 37,253,128
Less: Cost of Sales	13	**27,145,692**	25,599,783
Gross Profit		**11,183,268**	11,653,345
LESS: GENERAL AND ADMINISTRATIVE EXPENSES			
Communication, light and water		**2,226,895**	1,424,170
Depreciation		**926,618**	1,789,347
Employee retirement benefits		**10,565**	10,565
Insurance		**155,898**	44,135
Office supplies		**87,478**	40,795
Rental		**1,918,304**	1,862,704
Repairs and maintenance		**328,707**	315,611
Salaries, wages and benefits		**4,913,304**	4,085,710
Senior citizen discount		**642,804**	569,428
Taxes and licenses		**178,096**	143,787
Transportation and travel		**163,808**	82,422
Total General and Administrative Expenses		**11,552,477**	10,368,674
INCOME (LOSS) BEFORE INCOME TAX		(369,209)	1,284,671
LESS: PROVISION FOR INCOME TAX			
Current	14	**-**	388,571
Deferred		**(381,043)**	(3,170)
Income Tax Expense (Benefit)		**(381,043)**	385,401
TOTAL COMPREHENSIVE INCOME		Php 11,834	Php 899,270

See accompanying Notes to Financial Statements.

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City Hall King Chow Foods Corporation
Statements of Changes in Equity
For the Years Ended December 31, 2016 and 2015

		Stockholder's Equity			
		Share Capital	Retained Earnings		Total
At January 1, 2016	**Php**	**1,250,000**	**1,608,616**	**Php**	**2,858,616**
Add: Total Comprehensive Income			**11,834**		**11,834**
At December 31, 2016	**Php**	**1,250,000**	**1,620,450**	**Php**	**2,870,450**
At January 1, 2015	Php	1,250,000	709,346	Php	1,959,346
Add: Total Comprehensive Income			899,270		899,270
At December 31, 2015	Php	1,250,000	1,608,616	Php	2,858,616

See accompanying Notes to Financial Statements.

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City Hall King Chow Foods Corporation
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Total Comprehensive Income	**11,834**	899,270
(Less) Add: Adjustments		
Depreciation	**926,618**	1,789,347
Deferred tax asset	**(381,043)**	(3,170)
(Increase) Decrease in Assets:		
Trade receivables	**309,580**	(86,687)
Inventories	**25,213**	(91,140)
Prepayments	**9,316**	(63,070)
Increase (decrease) in Liabilities:		
Trade and other payables	**(765,737)**	(3,678,349)
Income tax payable	**(113,591)**	42,212
Employee benefit obligation	**10,565**	10,565
Net cash flows from operating activities	**32,755**	(1,181,022)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal (Acquisition) of other noncurrent assets	**(145,877)**	85,000
Net cash flows from investing activities	**(145,877)**	85,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flows from financing activities	-	-
INCREASE (DECREASE) IN CASH	**(113,122)**	(1,096,022)
CASH AT JANUARY 1	**7,841,602**	8,937,624
CASH AT DECEMBER 31	**7,728,480**	7,841,602

See accompanying Notes to Financial Statements.

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Note 1: Corporate information

City Hall King Chow Foods Corporation (the company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on May 9, 2007 to establish, operate and maintain restaurants, coffee shops parlors, cocktail lounges and cater foods. The registered office of the Company is at BELEJ Bldg., San Pedro St., Davao City.

The accompanying financial statements were authorized for issue by the Board of Directors on March 27, 2017.

Note 2: Basis of preparation, statement of compliance and summary of significant accounting policies

2.1 Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency.

2.2 Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs) in compliance with the standard set forth by Securities and Exchange Commission (SEC) under SRC rule 68, as amended.

The Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission (SEC) have adopted the PFRS for SMEs which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover entities that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million;
(b) Are not required to file financial statements under Securities Regulation code (SRC) Rule 68.1 (unlisted and non-public entities);
(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and,
(e) Not public utilities.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

2.3 Significant Accounting Policies

2.3.1 Cash

Cash consists of cash on hand and in banks.

2.3.2 Trade receivables

Trade receivables refer to claims arising from sale of merchandise or services in the ordinary course of business and are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.3.3 Inventory

Inventories are assets which are held for sale in the ordinary course of business and are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

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Cost are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

2.3.4 Other current assets

Other current assets include deposits which pertain to advance payments to suppliers to be applies for future purchases , prepaid expenses which are paid in advance and recorded as asset before these are utilized; and creditable withholding taxes, which will be applies in the following year against corporate income tax or to be claimed for refund with the Bureau of Internal revenue.

2.3.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment values. The initial cost includes its purchase price, freight, handling, storage, import duties, taxes and other expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized and charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method or the lease term in case of leasehold improvements, whichever is shorter. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights & improvements	3 – 5

The asset's residual values, useful lives and depreciation methods are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the period and method are consistent with the expected pattern, and to oversee if there are indications of a significant change since the last reporting date.

When assets are sold or retired, the cost, accumulated depreciation and any impairment are eliminated from the accounts and any gain or losses from the disposal is included in the statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Moreover, gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are presented as "other gains/ (losses)" in the statement of comprehensive income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

2.3.6 Deferred tax asset

Deferred tax asset is the tax effect of expected future income tax benefit relating to the long-service benefit, which will not be tax-deductible until the benefit is actually paid but has already been recognized as an expense in measuring the profit for the year.

2.3.7 Impairment of non-financial assets

Impairment of assets is a fall in the market value of an asset so that its recoverable amount is less than its carrying value. Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized

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for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.3.8 Trade and other payables

Trade payables are present obligations of an entity arising from past transactions or events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, an entity shall measure it at amortized cost using the effective interest method.

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business and accrued expenses and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the company is established or when the corresponding assets and expenses are recognized. These are measured at amortized cost, normally equal to its nominal amount. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.3.9 Related party relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form.

2.3.10 Leases

Leases are agreements whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments under operating lease made by the Company are charged on a straight-line basis over the period of the lease to the operations.

2.3.11 Employee benefit obligation

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees. It is related to the government-mandated retirement benefit liability payments for employees of the company. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company has used a simplified method to measure its defined benefit obligation where the future salary increases, future service and possible in-service mortality are ignored and the company does not fund its obligation in advance and the company is unable to use the projected unit credit method without undue cost or effort.

2.3.12 Revenue and expense recognition

Revenue arises in the ordinary course of the Company's activities. It comprises the fair value of the consideration received or receivable for the sale of goods. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; the entity retains neither continuing managerial involvement nor effective control over the goods sold; and the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Expenses are recognized in the statement of comprehensive income when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Operating and administrative expenses are recognized when incurred.

2.3.13 Income taxes

The tax expense for the period comprises current and deferred tax. Income tax expense represents the sum of the tax currently payable and is also recognized in the profit or loss. Tax currently payable is based on taxable profit for the year multiplied to the tax rates and laws that have been enacted by the reporting period.

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Deferred income tax is recognized between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases, known as temporary difference, and could be a net deferred tax asset or net deferred tax liability. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the period in which it expects that the temporary difference will be realized or settled, on the basis of tax rates and laws that have been enacted or substantially enacted by the end of the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Unrecognized deferred tax assets are re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.3.14 Subsequent events

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to financial statements when material.

Note 3: Significant accounting judgments, assumptions and estimates

The judgments, assumptions and estimates used in the financial statements are based upon management's continued evaluation of relevant facts and circumstances including expectations of future as at the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

Assumptions used in arriving at the estimates may change in the future depending on what is believed to be reasonable under the circumstances and the effects of such changes are reflected in the financial statements as they become readily determinable.

The following judgments, assumptions and estimates that have the most significant risk of causing a material adjustment in the financial statements are disclosed below:

(a) Income taxes
Significant and prudent judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the tax determination is uncertain. The Company recognizes liabilities for anticipated tax examination issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Employee benefit obligation
The retirement obligation and cost and other retirement benefits is based on the selection of certain assumptions used. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

Note 4: Cash

The cash account as at December 31 consists of:

		2016		2015
Cash on hand	**Php**	**63,000**	Php	63,000
Cash in bank		**7,665,480**		7,778,602
	Php	**7,728,480**	Php	7,841,602

Cash in bank generally earns interest based on daily bank deposit rate.

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Note 5: Trade receivables

Trade receivables as at December 31 amounted to **Php 1,380,469** versus last year of Php 1,690,049.

These accounts are non-interest bearing and are normally collected or liquidated within one year. The Company management has assessed that as at December 31, 2016 and 2015, none of the above accounts are impaired.

Note 6: Inventory

The inventory account as at December 31 consists of:

		2016		2015
Food	**Php**	**297,347**	Php	376,707
Paper		**69,411**		77,051
Others		**61,787**		0
	Php	**428,545**	Php	453,758

The cost of inventories recognized as expense amounted to **Php 21,769,301.**

Note 7: Other current assets

The account at December 31 consists of:

		2016		2015
Prepayments	**Php**	**169,826**	Php	179,142
	Php	**169,826**	Php	179,142

Note 8: Property and equipment

The account as at December 31 consists of:

2016

		Leasehold rights and improvements		**Store equipment**		**Furniture and fixtures**		**Total**
Cost January 1, 2016	Php	9,287,073	Php	9,362,702	Php	1,910,672	Php	20,560,447
Accumulated Depreciation								
January 1, 2016		9,114,583		7,684,050		1,910,672		18,709,305
Depreciation charge		172,490		754,128		0		926,618
December 31, 2016		9,287,073		2,348,851		1,910,672		19,635,923
Net book value	**Php**	**0**	**Php**	**924,524**	**Php**	**0**	**Php**	**924,524**

2015

		Leasehold rights and improvements		**Store equipment**		**Furniture and fixtures**		**Total**
Cost January 1, 2015	Php	9,287,073	Php	9,362,702	Php	1,910,672	Php	20,560,447
Accumulated Depreciation								
January 1, 2015		8,079,364		6,929,922		1,910,672		16,919,958
Depreciation charge		1,035,219		754,128		0		1,789,347
December 31, 2015		9,114,583		7,684,050		1,910,672		18,709,305
Net book value	Php	172,490	Php	1,678,652	Php	0	Php	1,851,142

Depreciation charged to cost of goods sold amounted to **Php 926,618.**

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Note 9: Trade and other payables

Details of this account as at December 31 consist of:

		2016		2015
Trade payables	**Php**	**3,137,356**	Php	3,901,362
Accrued expenses		**1,433,156**		1,377,412
SSS, HDMF, PHIC and taxes on wages		**406,567**		464,042
	Php	**4,977,079**	Php	5,742,816

Note 10: Commitments under operating leases

The Company leases a commercial space under a long-term lease of 10 years commencing on May 9, 2007. The lease is subject to rent reviews after 10 years. The lease is subject to renewal upon mutual consent of both parties. Monthly rent is also subject to 10% escalation annually.

The minimum lease payments under operating leases recognized as expense during the year amounted to **Php 1,918,304** versus last year of Php 1,862,704.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

		2016		2015
No later than 1 year	**Php**	**1,918,304**	Php	1,862,704
Later than 1 year and no later than 5 years		**1,918,304**		3,087,887
Later than 5 years		**0**		0
	Php	**3,836,608**	Php	4,950,591

Note 11: Employee benefit obligation

The Company provides no formal retirement plan. The Company's employee benefit obligation for retirement benefits is computed in accordance with Republic Act No. 7641 covering all regular employees. In case of retirement, employees are entitled to receive such retirement benefits as may have been earned under the existing laws. The Company's employee retirement benefits are based on employee pensionable compensation and length of service.

The movements in the accrued retirement benefit payable recognized and presented as "Employee benefit obligation" account as at December 31, 2016 amounted to **Php 211,523.** Related deferred tax asset recognized relative to this account as at December 31, 2016 amounted **Php 63,457.**

Note 12: Equity

The following are the Company's equity account details:

		2016		2015
Authorized capita share-50,000 shares @ Php100 par value	**Php**	**5,000,000**	Php	5,000,000
Fully paid, issued and outstanding	**Php**	**1,250,000**	Php	1,250,000
Retained Earnings		**1,620,450**		1,608,616
TOTAL	**Php**	**2,870,450**	Php	2,858,616

The Company is authorized to issue fifty thousand (50,000) ordinary shares with a par value of one hundred pesos (Php 100) per share. The balances at December 31, 2016 and 2015 comprise twelve thousand five hundred (12,500) ordinary shares with par value of one million two hundred fifty thousand pesos (Php 1,250,000) fully paid, issued and outstanding. Further, the Company is not exposed to externally imposed capital requirement.

Note 13: Cost of goods sold

Details of this account as at December 31 follow:

		2016		2015
Food and paper	Php	**21,769,301**	Php	20,096,445
Royalty		**1,883,933**		1,838,748
Advertisement		**1,821,478**		1,651,041
Supplies		**1,040,129**		1,198,578
Security Services		**22,951**		27,125
Miscellaneous Expense		**607,900**		787,846
	Php	**27,145,692**	Php	25,599,783

Details of food and paper and novelties cost follow:

		2016		2015
Inventory, January 1	Php	**453,758**	Php	362,618
Purchases		**21,744,088**		20,187,585
Inventory, December 31		**(428,545)**		(453,758)
	Php	**21,769,301**	Php	20,096,445

Note 14: Income taxes

The provision for income tax for the years ended December 31 follow:

		2016		2015
Current	Php	**0**	Php	388,571
Deferred				
Excess payment (Quarterly ITR)		**(46,615)**		
Retirement benefit obligation (30%)		**(3,170)**		(3,170)
NOLCO (30%)		**(107,593)**		
MCIT (2%)		**(223,665)**		
Income tax expense (benefit)	Php	**(381,043)**	Php	385,401

The gross movement on the deferred income tax account is as follows:

		2016		2015
Beginning of the year	Php	**60,288**	P	57,118
Add: NOLCO (30% of net loss)		**107,593**		
MCIT (2% of gross profit)		**223,665**		
Excess payment (Quarterly ITR)		**46,615**		
Employees benefit obligation (30%)		**3,170**		3,170
End of the year	Php	**441,331**	P	60,288

The deferred tax assets amounting to **Php 441,331** and Php 60,288 as at December 301, 2016 and 2015 respectively is recognized in the Company's financial statements of financial position since the management expects that it is probable that sufficient taxable income may be available in the future against which the management believes can be applied against the Company's regular income tax within the next three years immediately following the taxable year in which the Minimum Corporate Income Tax (MCIT) was incurred.

The deferred tax asset attributed to NOLCO and MCIT for the year ended December 31, 2016 will expire in 2019

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The Company recognized employee retirement benefit costs. These amounts are recorded under general and administrative expenses. The deferred income tax asset as at December 31 is computed on the Employee Benefit Obligation at the 30% statutory tax rate.

		Retirement Benefit			Tax Effect	
		2016	2015		**2016**	2015
Beginning balance	**Php**	**200,958**	190,393	Php	**60,287**	57,118
Provision during the year		**10,565**	10,565		**3,170**	3,170
Ending balance	**Php**	**211,523**	200,958	Php	**63,457**	60,288

Note 15: Supplementary information required by Revenue Regulations No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

15.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2016		2015
Gross sales of goods	**Php**	**38,328,960**	Php	37,253,128
Less: VAT exempt sales		**3,214,018**		2,847,139
Net-vatable sale of goods		**35,114,942**		34,405,989
Output VAT, December 31	**Php**	**4,213,793**	Php	4,128,719

15.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2016		2015
Input VAT, January 1	**Php**	**0**	Php	0
Add: Current year's domestic purchases/payments				
Goods for resale or further processing		**2,609,291**		2,411,573
Goods other than for resale		**1,067,749**		1,214,529
Total Input reported in VAT returns		**(3,677,040)**		(3,626,102)
Input VAT, December 31	**Php**	**0**	Php	0

15.3 All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2016		2015
Business taxes, licenses and permits	**Php**	**161,026**	Php	126,717
Community tax certificate		**10,500**		10,500
Other taxes and licenses		**6,570**		6,570
Total other taxes and licenses paid during the year	**Php**	**178,096**	Php	143,787

50632 0424

15.4 Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

		2016		2015
Tax on compensation and benefits	**Php**	**140,874**	Php	135,590
Creditable withholding taxes		**476,694**		427,253
Final withholding taxes		**376,787**		367,350
Total withholding taxes during the year	**Php**	**994,355**	Php	930,193

15.5 Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2016 and 2015.

15.6 Excise tax

The Company has no productions of goods for domestic sales or importation for the years ended December 31, 2016 and 2015. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

15.7 Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2016 and 2015.

15.8 Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

Note 16: Related party transactions

Advances from stockholders pertained to temporary borrowings to bridge the funding requirements of the Company. These account balances are presented as advances from stockholders, net of receivable balance since these transactions were made by the same stockholders. The Company has no specific agreements with related parties. Borrowings from related parties are non-interest bearing.

[illegible] PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-13, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY TWO (22) page (s).

Verified by: ______________ dated APRIL-13 2026

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "VVVVVVV"

SECURITIES AND EXCHANGE
COMMISSION (SEC)
DAVAO EXTENSION OFFICE
APR 26 2018
RECEIVED SUBJECT TO REVIEW
OF FORMS & CONTENTS

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 200727773

Company Name

C	I	T	Y		H	A	L	L		K	I	N	G		C	H	O	W		F	O	O	D	S					
C	O	R	P	O	R	A	T	I	O	N																			

Principal Office (No./Street/Barangay/City/Town)Province)

B	E	L	E	J		B	L	D	G		S	A	N		P	E	D	R	O		S	T							
D	A	V	A	O		C	I	T	Y																				

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	224 5068	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	28-Jun	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CIGER C. SARIO	jb_ciger@yahoo.com	221-2397	

3/F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name:	City Hall King Chow Foods Corporation
SEC Registration Number:	CS-200727773
Principal Office:	Belej Bldg., San Pedro St., Davao City
Contact Number:	224-5068
Contact Person:	Ciger C. Sario
Address:	3/F PVL Bldg., Bolton St., Davao City
Contact Number:	221-2397

CITY HALL KING CHOW FOODS CORPORARION
BELEJ BLDG, SAN PEDRO ST, DAVAO CITY
Tax Identification Number: 006-503-004

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of CITY HALL KING FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

CLARITO, TAN AND ASSOCIATES, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chief Executive Officer:

JAIME T. CRUZ
Signature over printed name

Treasurer & Chief financial Officer:

GERLIE S. DELA CRUZ
Signature over printed name

Signed this 22nd day of March, 2018

SUBSCRIBED AND SWORN to before me this 22 MAR 2018 by the affiant who exhibited to me his/her ______ as competent proof of identity.

ATTY. MARK PETER M. QUILANE
NOTARY PUBLIC
UNTIL DECEMBER 31, 2018
TR NO. 9734538/B • 12/29/17 (for 2018)
IBP NO. 025689 • 01/08/18 (for 2018)
ROLL OF ATTORNEYS NO. 64059
SERIAL NO. 2017-0101-2018

No. : 377;
Page No. : 77;
Book No. : 8;
Series of, 2018

BIR REVENUE REGION 19 RECEIVED REVENUE DISTRICT NO. 113A-WEST, DAVAO CITY

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CITY HALL KING CHOW FOODS CORPORARION
BELEJ BLDG, SAN PEDRO ST, DAVAO CITY
Tax Identification Number: 006-503-004

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of CITY HALL KING CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2017. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2017 and the accompanying Annual Income Tax Return are in accordance with the books and records of **CITY HALL KING CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **CITY HALL KING CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

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JAIME T. CRUZ
Chief Executive Officer

GERLIE S. DELA CRUZ
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 22 MAR 2018 by the affiant who exhibited to me his/her ____________ as competent proof of identity.

Signed this 2nd day of March, 2018

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Page No.: 77;
Book No.: V;
Series of: 2018

SECURITIES AND EXCHANGE COMMISSION
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ATTY. MARK PETER M. QUILANET
NOTARY PUBLIC
UNTIL DECEMBER 31, 2018
TR NO. 9734538 B • 12/29/17 (for 201
IBP NO. 025689 • 01/08/18 (for 2018)
ROLL OF ATTORNEYS NO. 64059
SERIAL NO. 2017-0101-2018

"Your business is the heart of our service"
Clarito, Tan & Associates
Accounting, Auditing and Consultancy Professionals

200-6 Guino-o Compound, Anda St., Davao City
Tel. No. 225-8702 I Email: claritotanassociates@gmail.com

Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Stockholders of
City Hall King Chow Foods Corporation
Belej Bldg., San Pedro St., Davao City

We, the appointed independent auditor of **City Hall King Chow Foods Corporation**, do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 15 of the Notes to Financial Statements.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until December 31, 2018
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 0057794 issued January 23, 2018 at Davao City
CTC No. 00155872 issued January 13, 2018 at Davao City

March 26, 2018
Davao City

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Accounting, Auditing and Consultancy Professionals

200-6 Guino-o Compound, Anda St., Davao City
Tel. No. 221-2599 | Email: clarito_tan_associates@gmail.com

To the Board of Directors and Stockholders of
City Hall King Chow Foods Corporation
Belej Bldg., San Pedro St., Davao City

We have examined the financial statements of **City Hall King Chow Foods Corporation** for the year ended December 31, 2017 and 2016 on which we have rendered the attached report dated March 26, 2018.

In compliance with SRC Rule 68, we have stating that the said company has a total number of three (3) stockholders owning one hundred (100) or more shares each.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until December 31, 2018
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
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March 26, 2018
Davao City

APR 13 2018

To the Board of Directors and Stockholders of
CITY HALL KING CHOW FOODS CORPORATION
Belej Bldg., San Pedro St., Davao City

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **CITY HALL KING CHOW FOODS CORPORATION**, which comprise the statement of financial position as at December 31, 2017 and 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and the notes to financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Philippine Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Philippine Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of **CITY HALL KING CHOW FOODS CORPORATION** in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, As Amended (2011). Such information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule when taken as a whole.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until December 31, 2018
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 0057794 issued January 23, 2018 at Davao City
CTC No. 00155872 issued January 13, 2018 at Davao City

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APR 13 2018

March 26, 2018
Davao City

ANTONETTE-BECERRA RAÑESES, CPA
Room 203 Carriedo Bldg., Magallanes St., Davao City
Landline No. (082) 224-2527 I Mobile No. 0925-7994157
Email Address: araineses@yahoo.com

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for **CITY HALL KING CHOW FOODS CORPORATION** for the period ended December 31, 2017.

In discharging this responsibility, I hereby declare that:

I am the External Accountant of **CITY HALL KING CHOW FOODS CORPORATION** and was contracted to perform this service.

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to the Financial Statements, I was not assisted by or did not avail of the services of **CLARITO, TAN & ASSOCIATES** who/which are the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

ANTONETTE-BECERRA RAÑESES, CPA
Tax Identification No. 162-112-373
BOA Accreditation No. 6094 valid until December 31, 2018
BIR Accreditation No. 19-006335-001-2016 valid until January 19, 2019
CPA Board Certificate No. 132967
PTR No. 9999185B dated January 20, 2018

February 27, 2018
Davao City

MAR 2 3 2018

SUBSCRIBED AND SWORN before me, this ______________________________ at Davao City, Philippines, ANTONETTE-BECERRA RAÑESES, CPA exhibiting to me her valid PRC CPA ID No. 132967.

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LAWRENCE L. RETUYA
Roll of Attorney's No. 65102
IBP Member No. 1056541 - 12/12/16
PTR No. 9734228 - 12/20/18
Notary Public for the City of Davao

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Cityhall King Chow Foods Corporation
Statements of Financial Position
For the Years Ended December 31, 2017 and 2016

	Note	2017	2016
ASSETS			
Current Assets			
Cash	2.3.1 , 4	Php 6,509,687	Php 7,728,480
Trade receivables	2.3.2 , 5	1,866,350	1,380,469
Inventory	2.3.3 , 6	331,409	428,545
Other current assets	2.3.4 , 7	142,778	169,826
Total Current Assets		8,850,224	9,707,320
Noncurrent Assets			
Property and equipment, net	2.3.5 , 8	170,396	924,524
Deferred tax asset	2.3.6 , 14	444,501	441,331
Other noncurrent assets		443,377	485,877
Total Noncurrent Assets		1,058,274	1,851,732
Total Assets		Php 9,908,498	Php 11,559,052
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities			
Trade and other payables	2.3.8 , 9	6,724,682	4,977,079
Income tax payable	2.3.13	42,970	-
Total Current Liabilities		6,767,652	4,977,079
Noncurrent Liabilities			
Employee benefit obligation	2.3.11 , 11	222,088	211,523
Advances from stockholders	2.3.9 , 16	-	3,500,000
Total Noncurrent Liabilities		222,088	3,711,523
Total Liabilities		6,989,740	8,688,602
Stockholder's Equity			
Share capital	12	1,250,000	1,250,000
Retained earnings-Unappropriated		1,668,758	1,620,450
Total Stockholder's Equity		2,918,758	2,870,450
Total Liabilities and Stockholder's Equity		Php 9,908,498	Php 11,559,052

See accompanying Notes to Financial Statements.

REVENUE REGION
M. L. [illegible]
DISTRICT NO. 113 - WEST
APR 13 2018

Cityhall King Chow Foods Corporation
Statements of Comprehensive Income
For the Years Ended December 31, 2017 and 2016

	Note	2017	2016
REVENUE			
Sales		Php 17,690,641	Php 38,328,960
Less: Cost of Sales	13	11,885,045	27,145,692
Gross Profit		5,805,596	11,183,268
LESS: GENERAL AND ADMINISTRATIVE EXPENSES			
Communication, light and water		977,418	2,226,895
Depreciation		754,128	926,618
Employee retirement benefits		10,565	10,565
Insurance		55,259	155,898
Office supplies		65,808	87,478
Rental		885,269	1,918,304
Repairs and maintenance		171,297	328,707
Salaries, wages and benefits		2,312,955	4,913,304
Senior citizen discount		379,220	642,804
Taxes and licenses		85,188	178,096
Transportation and travel		39,478	163,808
Total General and Administrative Expenses		5,736,585	11,552,477
INCOME BEFORE INCOME TAX		69,011	(369,209)
LESS: PROVISION FOR INCOME TAX			
Current	14	23,873	-
Deferred		(3,170)	(381,043)
Income Tax Expense		20,703	(381,043)
TOTAL COMPREHENSIVE INCOME		Php 48,308	Php 11,834

See accompanying Notes to Financial Statements.

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Cityhall King Chow Foods Corporation
Statements of Changes in Equity
For the Years Ended December 31, 2017 and 2016

		Stockholder's Equity			
		Share Capital	Retained Earnings		Total
At January 1, 2017	**Php**	**1,250,000**	**1,620,450**	**Php**	**2,870,450**
Add: Total Comprehensive Income			**48,308**		**48,308**
At December 31, 2017	**Php**	**1,250,000**	**1,668,758**	**Php**	**2,918,758**
At January 1, 2016	Php	1,250,000	1,608,616	Php	2,858,616
Add: Total Comprehensive Income			11,834		11,834
At December 31, 2016	Php	1,250,000	1,620,450	Php	2,870,450

See accompanying Notes to Financial Statements.

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Cityhall King Chow Foods Corporation
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Total Comprehensive Income	**48,308**	11,834
(Less) Add: Adjustments		
Depreciation	**754,128**	926,618
Deferred tax asset	**(3,170)**	(381,043)
(Increase) Decrease in Assets:		
Trade receivables	**(485,881)**	309,580
Inventories	**97,136**	25,213
Prepayments	**27,048**	9,316
Increase (decrease) in Liabilities:		
Trade and other payables	**1,747,603**	(765,737)
Income tax payable	**42,970**	(113,951)
Employee benefit obligation	**10,565**	10,565
Net cash flows from operating activities	**2,238,707**	32,395
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of other noncurrent assets	**42,500**	(145,877)
Net cash flows from investing activities	**42,500**	(145,877)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of advances from stockholders	**(3,500,000)**	
Net cash flows from financing activities	**(3,500,000)**	-
INCREASE (DECREASE) IN CASH	**(1,218,793)**	(113,122)
CASH AT JANUARY 1	**7,728,480**	7,841,602
CASH AT DECEMBER 31	**6,509,687**	7,728,480

See accompanying Notes to Financial Statements.

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CITYHALL KING FOODS CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

Note 1: Corporate information

Cityhall King Chow Foods Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to engage, operate and maintain restaurant, coffee shop, refreshment parlors, and cocktail lounges and cater foods. The registered business address of the Company is at BELEJ Bldg, San Pedro St, Davao City.

The financial statements herewith were authorized for issue by the Board of Directors on March 26, 2018.

Note 2: Basis of preparation, statement of compliance and summary of significant accounting policies

2.1 Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency.

2.2 Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs) in compliance with the standard set forth by Securities and Exchange Commission (SEC) under SRC rule 68, as amended.

The Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission (SEC) have adopted the PFRS for SMEs which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover entities that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million;
(b) Are not required to file financial statements under Securities Regulation code (SRC) Rule 68.1 (unlisted and non-public entities);
(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and,
(e) Not public utilities.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

2.3 Significant Accounting Policies

2.3.1 Cash

Cash consists of cash on hand and in banks.

2.3.2 Trade receivables

Trade receivables refer to claims arising from sale of merchandise or services in the ordinary course of business and are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.3.3 Inventory

Inventories are assets which are held for sale in the ordinary course of business and are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

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Cost are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

2.3.4 Other current assets

Other current assets include deposits which pertain to advance payments to suppliers to be applies for future purchases , prepaid expenses which are paid in advance and recorded as asset before these are utilized; and creditable withholding taxes, which will be applies in the following year against corporate income tax or to be claimed for refund with the Bureau of Internal revenue.

2.3.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment values. The initial cost includes its purchase price, freight, handling, storage, import duties, taxes and other expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized and charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method or the lease term in case of leasehold improvements, whichever is shorter. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights & improvements	3 – 5

The asset's residual values, useful lives and depreciation methods are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the period and method are consistent with the expected pattern, and to oversee if there are indications of a significant change since the last reporting date.

When assets are sold or retired, the cost, accumulated depreciation and any impairment are eliminated from the accounts and any gain or losses from the disposal is included in the statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

2.3.6 Deferred tax asset

Deferred tax asset is the tax effect of expected future income tax benefit relating to the long-service benefit, which will not be tax-deductible until the benefit is actually paid but has already been recognized as an expense in measuring the profit for the year.

2.3.7 Impairment of non-financial assets

Impairment of assets is a fall in the market value of an asset so that its recoverable amount is less than its carrying value. Property and equipment are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.3.8 Trade and other payables

Trade and other payables are obligations of an entity arising from past transactions or events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial liability in the period in which the related money, goods or services are received or when a legally enforceable claim against the company is established or when the corresponding assets and expenses are recognized. After initial recognition, an entity shall measure it at amortized cost using the effective interest method. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.3.9 Related party relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form.

2.3.10 Leases

Leases are agreements whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments under operating lease made by the Company are charged on a straight-line basis over the period of the lease to the operations.

2.3.11 Employee benefit obligation

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees. It is related to the government-mandated retirement benefit liability payments for employees of the company. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company has used a simplified method to measure its defined benefit obligation where the future salary increases, future service and possible in-service mortality are ignored and the company does not fund its obligation in advance and the company is unable to use the projected unit credit method without undue cost or effort.

2.3.12 Revenue and expense recognition

Revenue arises in the ordinary course of the Company's activities. It comprises the fair value of the consideration received or receivable for the sale of goods. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; the entity retains neither continuing managerial involvement nor effective control over the goods sold; and the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Expenses are recognized in the statement of comprehensive income when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Operating and administrative expenses are recognized when incurred.

2.3.13 Income taxes

The tax expense for the period comprises current and deferred tax. Income tax expense represents the sum of the tax currently payable and is also recognized in the profit or loss. Tax currently payable is based on taxable profit for the year multiplied to the tax rates and laws that have been enacted by the reporting period.

Deferred income tax is recognized between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases, known as temporary difference, and could be a net deferred tax asset or net deferred tax liability. Deferred tax is calculated at the tax rates that are expected to apply to the

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taxable profit of the period in which it expects that the temporary difference will be realized or settled, on the basis of tax rates and laws that have been enacted or substantially enacted by the end of the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Unrecognized deferred tax assets are re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.3.14 Subsequent events

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to financial statements when material.

Note 3: Significant accounting judgments, assumptions and estimates

The judgments, assumptions and estimates used in the financial statements are based upon management's continued evaluation of relevant facts and circumstances including expectations of future as at the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

Assumptions used in arriving at the estimates may change in the future depending on what is believed to be reasonable under the circumstances and the effects of such changes are reflected in the financial statements as they become readily determinable.

The following judgments, assumptions and estimates that have the most significant risk of causing a material adjustment in the financial statements are disclosed below:

(a) Income taxes
Significant and prudent judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the tax determination is uncertain. The Company recognizes liabilities for anticipated tax examination issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Employee benefit obligation
The retirement obligation and cost and other retirement benefits is based on the selection of certain assumptions used. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

Note 4: Cash

The cash account as at December 31 consists of:

		2017		2016
Cash on hand	**Php**	**63,000**	Php	63,000
Cash in bank		**6,446,687**		7,665,480
	Php	**6,509,687**	Php	7,728,480

Cash in bank generally earn interest based on daily bank deposit rate.

Note 5: Trade receivables

Trade receivables amounted to **Php 1,866,350** and Php 1,380,469 as at December 31, 2017 and 2016, respectively.

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These accounts are non-interest bearing and are normally collected or liquidated within one year. The Company management has assessed that as at December 31, 2017 and 2016, none of the above accounts are impaired.

Note 6: Inventory

The inventory account as at December 31 consists of:

		2017		2016
Foods supplies and processed inventories	**Php**	**297,872**	Php	297,347
Packaging, store and other supplies		**33,537**		69,411
Novelty items				61,787
	Php	**331,409**	Php	428,545

The cost of inventories recognized as expense amounted to **Php 9,361,735** and Php 21,769,301 as at December 31, 2017 and 2016, respectively.

Note 7: Other current assets

The prepayments account at December 31 consists of:

		2017		2016
Prepayments	**Php**	**142,778**	Php	169,826
	Php	**142,778**	Php	169,826

Note 8: Property and equipment

The account as at December 31 consists of:

	2017			
	Leasehold rights and improvements	**Store equipment**	**Furniture and fixtures**	**Total**
Cost				
January 1, 2017	Php 9,287,073	Php 9,362,702	Php 1,910,672	Php 20,560,447
Accumulated Depreciation				
January 1, 2017	9,287,073	8,438,178	1,910,672	19,635,923
Depreciation charge	0	754,128	0	754,128
December 31, 2017	9,287,073	9,192,306	1,910,672	20,390,051
Net book value	**Php 0**	**Php 170,396**	**Php 0**	**Php 170,396**

	2016			
	Leasehold rights and improvements	**Store equipment**	**Furniture and fixtures**	**Total**
Cost				
January 1, 2016	Php 9,287,073	Php 9,362,702	Php 1,910,672	Php 20,560,447
Accumulated Depreciation				
January 1, 2016	9,114,583	7,684,050	1,910,672	18,709,305
Depreciation charge	172,490	754,128	0	926,618
December 31, 2016	9,287,073	8,438,178	1,910,672	19,635,923
Net book value	**Php 0**	**Php 924,524**	**Php 0**	**Php 924,524**

Depreciation charged as at December 31, 2017 and 2016 amounted to **Php 754,128** and Php 926,618, respectively.

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Note 9: Trade and other payables

Details of this account as at December 31 consist of:

		2017		2016
Trade payables	**Php**	**5,436,778**	Php	3,137,356
SSS, HDMF, PHIC and taxes on wages		**986,702**		1,433,156
Accrued expenses		**301,202**		406,567
	Php	**6,724,682**	Php	4,977,079

Note 10: Commitments under operating leases

The Company leases a commercial space under a long-term lease of 10 years commencing on May 9, 2007. The lease is subject to rent reviews after 10 years. The lease is subject to renewal for another period under the same terms and conditions, subject to the payment of a reasonable monthly rental rate mutually agreed upon by the parties. Monthly rent is also subject to 10% escalation every year.

The minimum lease payments under operating leases recognized as expense amounted to **Php 885,269** and Php 1,918,304 for the year ended December 31, 2017 and 2016, respectively.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

		2017		2016
No later than 1 year	**Php**	**885,269**	Php	1,918,304
Later than 1 year and no later than 5 years		**1,918,304**		1,918,304
Later than 5 years				
	Php	**2,803,573**	Php	3,836,608

Note 11: Employee benefit obligation

The Company provides no formal retirement plan. The Company's employee benefit obligation for retirement benefits is computed in accordance with Republic Act No. 7641 covering all regular employees. In case of retirement, employees are entitled to receive such retirement benefits as may have been earned under the existing laws. The Company's employee retirement benefits are based on employee pensionable compensation and length of service.

The movements in the accrued retirement benefit payable recognized and presented as "Employee benefit obligation" account as at December 31, 2017 amounted to **Php 222,088** . Related deferred tax asset recognized relative to this account as at December 31, 2017 amounted to **Php 66,627.**

Note 12: Equity

The following are the Company's equity account details:

		2017		2016
Authorized capita share-50,000 shares @ Php100 par value	**Php**	**5,000,000**	Php	5,000,000
Fully paid, issued and outstanding	**Php**	**1,250,000**	Php	1,250,000
Retained Earnings		**1,668,758**		1,620,450
TOTAL	**Php**	**2,918,758**	Php	2,870,450

The Company is authorized to issue fifty thousand (50,000) ordinary shares with a par value of one hundred pesos (Php 100) per share. The balances as at December 31, 2017 and 2016 comprise twelve thousand five hundred (12,500) ordinary shares at par value with one million two hundred fifty thousand pesos (Php 1,250,000) fully paid, issued and outstanding. Further, the Company is not exposed to externally imposed capital requirement.

Note 13: Cost of goods sold

Details of this account as at December 31 follow:

		2017		2016
Food, packaging, paper and novelties	Php	**9,361,735**	Php	21,769,301
Royalty		**865,563**		1,883,933
Advertisement		**816,052**		1,821,478
Supplies		**534,296**		1,040,129
Security services		**20,865**		22,951
Miscellaneous expense		**286,534**		607,900
	Php	**11,885,045**	Php	27,145,692

Details of food supplies, processed inventories, packaging, paper and novelties cost follow:

		2017		2016
Inventory, January 1	Php	**428,545**	Php	453,758
Purchases		**9,264,599**		21,744,088
Inventory, December 31		**(331,409)**		(428,545)
	Php	**9,361,735**	Php	21,769,301

Note 14: Income taxes

The gross movement on the deferred income tax account is as follows

		2017		2016
Beginning of the year	Php	**441,331**	Php	60,288
Add:				
NOLCO		**0**		107,593
Excess MCIT (2%)		**0**		223,665
Excess Income Tax payments		**0**		46,615
Employees benefit obligation (30%)		**3,170**		3,170
End of the year	Php	**444,501**	Php	441,331

The deferred tax assets amounting to **Php 444,501** and Php 441,331 as at December 31, 2017 and 2016, respectively, is recognized in the company's statements of financial position since the management expects that it is probable that sufficient taxable income may be available in the future against which the management believes can be applied against the Company's regular income tax within the next three years immediately following the taxable year in which the Net Operating Loss Carry-Over (NOLCO) and Minimum Corporate Income Tax (MCIT) were incurred.

The details of the deferred tax asset attributed to NOLCO for the years ended December 31 follow:

Year of incurrence	Year of expiry		2017	2016
2016	2019	Php	107,593	107,593
		Php	**107,593**	**107,593**

The details of the deferred tax asset attributed to MCIT for the years ended December 31 follow:

Year of incurrence	Year of expiry		2017	2016
2016	2019	Php	223,665	223,665
		Php	**223,665**	**223,665**

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The Company recognized employee retirement benefit costs. These amounts are recorded under general and administrative expenses. The deferred income tax asset as at December 31 is computed on the Employee Benefit Obligation at the 30% statutory tax rate.

		Retirement Benefit			Tax Effect	
		2017	2016		**2017**	2016
Beginning balance	Php	**211,523**	200,958	Php	**63,458**	60,288
Provision during the year		**10,565**	10,565		**3,170**	3,170
Ending balance	Php	**222,088**	211,523	Php	**66,628**	63,458

The provision for income tax for the years ended December 31 represent the 30% regular tax rate applied to the taxable income (NOLCO) and the retirement benefit follow:

		2017		2016
Current	**Php**	**23,873**	Php	0
Deferred				
Employee benefit obligation		**(3,170)**		(3,170)
NOLCO		**0**		(107,593)
MCIT		**0**		(223,665)
Excess Income Tax payments		**0**		(46,615)
Income tax expense	**Php**	**20,703**	Php	(381,043)

Note 15: Supplementary Information required by Revenue Regulations No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

15.1 Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

		2017		2016
Gross sales of goods	**Php**	**17,690,641**	Php	38,328,960
Less: VAT exempt sales		**1,896,099**		3,214,018
Net-vatable sale of goods		**15,794,542**		35,114,942
Output VAT, December 31	**Php**	**1,895,345**	Php	4,213,793

15.2 Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

		2017		2016
Input VAT, January 1	**Php**	**0**	Php	0
Add: Current year's domestic purchases/payments				
Goods for resale or further processing		**1,111,752**		2,609,291
Goods other than for resale		**543,215**		1,067,749
Total Input reported in VAT returns		**(1,654,967)**		(3,677,040)
Input VAT, December 31	**Php**	**0**	Php	0

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15.3 All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

		2017		2016
Business taxes, licenses and permits	Php	71,188	Php	161,026
Community tax certificate		10,500		10,500
Other taxes and licenses		3,500		6,570
Total other taxes and licenses paid for the year	Php	85,188	Php	178,096

15.4 Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

		2017		2016
Tax on compensation and benefits	Php	62,987	Php	140,874
Creditable withholding taxes		211,448		476,694
Final withholding taxes		173,113		376,787
Total withholding taxes for the year	Php	447,548	Php	994,355

15.5 Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2017 and 2016.

15.6 Excise tax

The Company has no productions of goods for domestic sales or importation for the years ended December 31, 2017 and 2016. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

15.7 Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2017 and 2016.

15.8 Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

Note 16: Related party transactions

Advances from stockholders pertained to temporary borrowings to bridge the funding requirements of the Company. These account balances are presented as advances from stockholders, net of receivable balance since these transactions were made by the same stockholders. The Company has no specific agreements with related parties. Borrowings from related parties are non-interest bearing.

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REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-13, 20 26

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY THREE (23) page (s).

Verified by: ______________ dated APRIL-13 20 26

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

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SEC DAVAO EXTENSION OFFICE
29 APR 2019
BY:
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS 200727773

Company Name

CITY HALL KING CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

BELEJ BLDG SAN PEDRO ST
DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	224 5068	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	28-Jun	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CIGER C. SARIO	jb_ciger@yahoo.com	221-2397	

3/F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name:	City Hall King Chow Foods Corporation
SEC Registration Number:	CS-200727773
Principal Office:	Belej Bldg., San Pedro St., Davao City
Contact Number:	224-5068
Contact Person:	Ciger C. Sario
Address:	3/F PVL Bldg., Bolton St., Davao City
Contact Number:	221-2397

CITY HALL KING CHOW FOODS CORPORARION
BELEJ BLDG, SAN PEDRO ST, DAVAO CITY
Tax Identification Number: 006-503-004

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of CITY HALL KING CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2018. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2018 and the accompanying Annual Income Tax Return are in accordance with the books and records of **CITY HALL KING CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **CITY HALL KING CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
Chief Executive Officer

GERLIE S. DELA CRUZ
Chief Financial Officer

Signed this 11th day of March, 2019

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CITY HALL KING CHOW FOODS CORPORARION
BELEJ BLDG, SAN PEDRO ST, DAVAO CITY
Tax Identification Number: 006-503-004

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of CITY HALL KING FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

CLARITO, TAN AND ASSOCIATES, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chief Executive Officer: **JAIME T. CRUZ**
Signature over printed name

Treasurer & Chief financial Officer: **GERLIE S. DELA CRUZ**
Signature over printed name

Signed this 26th day of March, 2019

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Clarito, Tan & Associates
Accounting, Auditing and Consultancy Professionals

200-6 Guino-o Compound, Anda St., Davao City
Tel. No. 225-8702 | Email: claritotanassociates@gmail.com

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Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Stockholders of
City Hall King Chow Foods Corporation
Belej Bldg., San Pedro St., Davao City

We, the appointed independent auditor of **City Hall King Chow Foods Corporation**, do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 14 of the Notes to Financial Statements.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until February 3, 2021
BIR Accreditation No. 19-006696-001-2017 valid until February 28, 2020
PTR No. 1769669C issued January 28, 2019 at Davao City
CTC No. 23586154 issued January 25, 2019 at Davao City

March 29, 2019
Davao City

APR 11 2019

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RDO NO. 113A-WEST DAVAO

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Accounting, Auditing and Consultancy Professionals

200-6 Guino-o Compound, Anda St., Davao City
Tel. No. 221-2599 I Email: clarito_tan_associates@gmail.com

To the Board of Directors and Stockholders of
City Hall King Chow Foods Corporation
Belej Bldg., San Pedro St., Davao City

We have examined the financial statements of **City Hall King Chow Foods Corporation** for the year ended December 31, 2018 and 2017 on which we have rendered the attached report dated March 29, 2019.

In compliance with SRC Rule 68, we have stating that the said company has a total number of three (3) stockholders owning one hundred (100) or more shares each.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
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March 29, 2019
Davao City

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RDO NO. 113A-WEST DAVAO CITY

To the Board of Directors and Stockholders of
City Hall King Chow Foods Corporation
Belej Bldg., San Pedro St., Davao City

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **CITY HALL KING CHOW FOODS CORPORATION**, which comprise the statement of financial position as at December 31, 2018 and 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and the notes to financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Philippine Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Philippine Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of **CITY HALL KING CHOW FOODS CORPORATION** in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, As Amended (2011). Such information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule when taken as a whole.

CLARITO, TAN & ASSOCIATES

GERALENE C. CLARITO, CPA
Partner
CPA Registration No. 138990
Tax Identification No. 184-277-255
BOA Certificate No. 6267 valid until February 3, 2021
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Cityhall King Chow Foods Corporation
Statements of Financial Position
For the Years Ended December 31, 2018 and 2017

	Note		2018		2017
ASSETS					
Current Assets					
Cash	2.3.1 , 4	**Php**	**6,424,123**	Php	6,509,687
Trade receivables	2.3.2 , 5		**1,866,350**		1,866,350
Inventory	2.3.3 , 6		**331,409**		331,409
Other current assets	2.3.4 , 7		**142,778**		142,778
Total Current Assets			**8,764,660**		8,850,224
Noncurrent Assets					
Property and equipment, net	2.3.5 , 8		-		170,396
Deferred tax asset	2.3.6 , 14		**508,398**		444,501
Other noncurrent assets			**443,377**		443,377
Total Noncurrent Assets			**951,775**		1,058,274
Total Assets		Php	9,716,435	Php	9,908,498
LIABILITIES AND STOCKHOLDER'S EQUITY					
Current Liabilities					
Trade and other payables	2.3.8 , 9		**6,724,682**		6,724,682
Income tax payable	2.3.13		-		42,970
Total Current Liabilities			**6,724,682**		6,767,652
Noncurrent Liabilities					
Employee benefit obligation	2.3.11 , 11		**222,088**		222,088
Total Noncurrent Liabilities			**222,088**		222,088
Total Liabilities			6,946,770		6,989,740
Stockholder's Equity					
Share capital	12		**1,250,000**		1,250,000
Retained earnings-Appropriated			**1,519,665**		1,668,758
Total Stockholder's Equity			2,769,665		2,918,758
Total Liabilities and Stockholder's Equity		Php	9,716,435	Php	9,908,498

See accompanying Notes to Financial Statements.

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Cityhall King Chow Foods Corporation
Statements of Comprehensive Income
For the Years Ended December 31, 2018 and 2017

	Note	2018	2017
REVENUE			
Sales		**Php** -	Php 17,690,641
Less: Cost of Sales		-	11,885,045
Gross Profit		-	5,805,596
LESS: GENERAL AND ADMINISTRATIVE EXPENSES			
Communication, light and water		-	977,418
Depreciation		**170,396**	754,128
Employee retirement benefits		-	10,565
Insurance		-	55,259
Office supplies		-	65,808
Rental		-	885,269
Repairs and maintenance		-	171,297
Salaries, wages and benefits		-	2,312,955
Senior citizen discount		-	379,220
Taxes and licenses		**42,594**	85,188
Transportation and travel		-	39,478
Total General and Administrative Expenses		**212,990**	5,736,585
INCOME BEFORE INCOME TAX		**(212,990)**	69,011
LESS: PROVISION FOR INCOME TAX			
Current	14	-	23,873
Deferred		**(63,897)**	(3,170)
Income Tax Expense		**(63,897)**	20,703
TOTAL COMPREHENSIVE INCOME (LOSS)		**Php (149,093)**	Php 48,308

See accompanying Notes to Financial Statements.

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Cityhall King Chow Foods Corporation
Statements of Changes in Equity
For the Years Ended December 31, 2018 and 2017

		Stockholder's Equity			
		Share Capital	Retained Earnings		Total
At January 1, 2018	**Php**	**1,250,000**	**1,668,758**	**Php**	**2,918,758**
Add: Total Comprehensive Income			**(149,093)**		**(149,093)**
At December 31, 2018	**Php**	**1,250,000**	**1,519,665**	**Php**	**2,769,665**
At January 1, 2017	Php	1,250,000	1,620,450	Php	2,870,450
Add: Total Comprehensive Income			48,308		48,308
At December 31, 2017	Php	1,250,000	1,668,758	Php	2,918,758

See accompanying Notes to Financial Statements.

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DISTRICT NO. 113A-WEST, DAVAO CITY

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Cityhall King Chow Foods Corporation
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Total Comprehensive Income (Loss)	**(149,093)**	48,308
(Less) Add: Adjustments		
Depreciation	**170,396**	754,128
Deferred tax asset	**(63,897)**	(3,170)
(Increase) Decrease in Assets:		
Trade receivables	-	(485,881)
Inventories	-	97,136
Prepayments	-	27,048
Increase (decrease) in Liabilities:		
Trade and other payables	-	1,747,603
Income tax payable	**(42,970)**	42,970
Employee benefit obligation	-	10,565
Net cash flows from operating activities	**(85,564)**	2,238,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of other noncurrent assets	-	42,500
Net cash flows from investing activities	-	42,500
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of advances from stockholders	-	(3,500,000)
Net cash flows from financing activities	-	(3,500,000)
INCREASE (DECREASE) IN CASH	**(85,564)**	(1,218,793)
CASH AT JANUARY 1	**6,509,687**	7,728,480
CASH AT DECEMBER 31	**6,424,123**	6,509,687

See accompanying Notes to Financial Statements.

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CITYHALL KING FOODS CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

Note 1: Corporate Information

Cityhall King Chow Foods Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to engage, operate and maintain restaurant, coffee shop, refreshment parlors, and cocktail lounges and cater foods. The registered business address of the Company is at BELEJ Bldg, San Pedro St, Davao City.

The financial statements herewith were authorized for issue by the Board of Directors on March 29, 2019.

Note 2: Basis of preparation, statement of compliance and summary of significant accounting policies

2.1 Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency.

2.2 Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs) in compliance with the standard set forth by Securities and Exchange Commission (SEC) under SRC rule 68, as amended.

The Financial Reporting Standards Council (FRSC) and the Securities and Exchange Commission (SEC) have adopted the PFRS for SMEs which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover entities that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million;
(b) Are not required to file financial statements under Securities Regulation code (SRC) Rule 68.1 (unlisted and non-public entities);
(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and,
(e) Not public utilities.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements are disclosed in Note 3.

2.3 Significant Accounting Policies

2.3.1 Cash

Cash consists of cash on hand and in banks.

2.3.2 Trade receivables

Trade receivables refer to claims arising from sale of merchandise or services in the ordinary course of business and are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.3.3 Inventory

Inventories are assets which are held for sale in the ordinary course of business and are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

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Cost are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

2.3.4 Other current assets

Other current assets include deposits which pertain to advance payments to suppliers to be applies for future purchases , prepaid expenses which are paid in advance and recorded as asset before these are utilized; and creditable withholding taxes, which will be applies in the following year against corporate income tax or to be claimed for refund with the Bureau of Internal revenue.

2.3.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment values. The initial cost includes its purchase price, freight, handling, storage, import duties, taxes and other expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized and charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method or the lease term in case of leasehold improvements, whichever is shorter. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights & improvements	3 – 5

The asset's residual values, useful lives and depreciation methods are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the period and method are consistent with the expected pattern, and to oversee if there are indications of a significant change since the last reporting date.

When assets are sold or retired, the cost, accumulated depreciation and any impairment are eliminated from the accounts and any gain or losses from the disposal is included in the statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

2.3.6 Deferred tax asset

Deferred tax asset is the tax effect of expected future income tax benefit relating to the long-service benefit, which will not be tax-deductible until the benefit is actually paid but has already been recognized as an expense in measuring the profit for the year.

2.3.7 Impairment of non-financial assets

Impairment of assets is a fall in the market value of an asset so that its recoverable amount is less than its carrying value. Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

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2.3.8 Trade and other payables

Trade and other payables are obligations of an entity arising from past transactions or events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial liability in the period in which the related money, goods or services are received or when a legally enforceable claim against the company is established or when the corresponding assets and expenses are recognized. After initial recognition, an entity shall measure it at amortized cost using the effective interest method. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.3.9 Related party relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form.

2.3.10 Leases

Leases are agreements whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments under operating lease made by the Company are charged on a straight-line basis over the period of the lease to the operations.

2.3.11 Employee benefit obligation

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees. It is related to the government-mandated retirement benefit liability payments for employees of the company. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company has used a simplified method to measure its defined benefit obligation where the future salary increases, future service and possible in-service mortality are ignored and the company does not fund its obligation in advance and the company is unable to use the projected unit credit method without undue cost or effort.

2.3.12 Revenue and expense recognition

Revenue arises in the ordinary course of the Company's activities. It comprises the fair value of the consideration received or receivable for the sale of goods. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; the entity retains neither continuing managerial involvement nor effective control over the goods sold; and the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Expenses are recognized in the statement of comprehensive income when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Operating and administrative expenses are recognized when incurred.

2.3.13 Income taxes

The tax expense for the period comprises current and deferred tax. Income tax expense represents the sum of the tax currently payable and is also recognized in the profit or loss. Tax currently payable is based on taxable profit for the year multiplied to the tax rates and laws that have been enacted by the reporting period.

Deferred income tax is recognized between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases, known as temporary difference, and could be a net deferred tax asset or net deferred tax liability. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the period in which it expects that the temporary difference will be realized or settled, on the basis of tax rates and laws that have been enacted or substantially enacted by the end of the reporting date.

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The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Unrecognized deferred tax assets are re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.3.14 Subsequent events

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to financial statements when material.

Note 3: Significant accounting judgments, assumptions and estimates

The judgments, assumptions and estimates used in the financial statements are based upon management's continued evaluation of relevant facts and circumstances including expectations of future as at the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

Assumptions used in arriving at the estimates may change in the future depending on what is believed to be reasonable under the circumstances and the effects of such changes are reflected in the financial statements as they become readily determinable.

The following judgments, assumptions and estimates that have the most significant risk of causing a material adjustment in the financial statements are disclosed below:

(a) Income taxes
Significant and prudent judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the tax determination is uncertain. The Company recognizes liabilities for anticipated tax examination issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Employee benefit obligation
The retirement obligation and cost and other retirement benefits is based on the selection of certain assumptions used. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

Note 4: Cash

The cash account as at December 31 consists of:

		2018		2017
Cash on hand	**Php**	**63,000**	Php	63,000
Cash in bank		**6,361,123**		6,446,687
	Php	**6,424,123**	Php	6,509,687

Cash in bank generally earn interest based on daily bank deposit rate.

Note 5: Trade receivables

Trade receivables amounted to **Php 1,866,350** and Php 1,866,350 as at December 31, 2018 and 2017 respectively.

These accounts are non-interest bearing and are normally collected or liquidated within one year. The Company management has assessed that as at December 31, 2018 and 2017, none of the above accounts are impaired.

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Note 6: Inventory

The inventory account as at December 31 consists of:

	2018	2017
Foods supplies and processed inventories	**Php 297,872**	Php 297,872
Packaging, store and other supplies	**33,537**	33,537
Novelty items		
	Php 331,409	Php 331,409

The cost of inventories recognized as expense amounted to **Php 0** and Php 9,361,735 as at December 31, 2018 and 2017, respectively.

Note 7: Other current assets

The prepayments account at December 31 consists of:

	2018	2017
Prepayments	**Php 142,778**	Php 142,778
	Php 142,778	Php 142,778

Note 8: Property and equipment

The account as at December 31 consists of:

	2018			
	Leasehold rights and improvements	**Store equipment**	**Furniture and fixtures**	**Total**
Cost				
January 1, 2018	Php 9,287,073	Php 9,362,702	Php 1,910,672	Php 20,560,447
Accumulated Depreciation				
January 1, 2018	9,287,073	9,192,306	1,910,672	20,390,051
Depreciation charge	0	170,396	0	170,396
December 31, 2018	9,287,073	9,362,702	1,910,672	20,560,447
Net book value	**Php 0**	**Php 0**	**Php 0**	**Php 0**

	2017			
	Leasehold rights and improvements	**Store equipment**	**Furniture and fixtures**	**Total**
Cost				
January 1, 2017	Php 9,287,073	Php 9,362,702	Php 1,910,672	Php 20,560,447
Accumulated Depreciation				
January 1, 2017	9,287,073	8,438,178	1,910,672	19,635,923
Depreciation charge	0	754,128	0	754,128
December 31, 2017	9,287,073	9,192,306	1,910,672	20,390,051
Net book value	**Php 0**	**Php 170,396**	**Php 0**	**Php 170,396**

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Depreciation charged as at December 31, 2018 and 2017 amounted to **Php 170,396** and Php 754,128 , respectively.

Note 9: Trade and other payables

Details of this account as at December 31 consist of:

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		2018		2017
Trade payables	Php	**5,436,778**	Php	5,436,778
SSS, HDMF, PHIC and taxes on wages		**986,702**		986,702
Accrued expenses		**301,202**		301,202
	Php	**6,724,682**	Php	6,724,682

Note 10: Commitments under operating leases

The Company leases a commercial space under a long-term lease of 10 years commencing on May 9, 2007. The lease is subject to rent reviews after 10 years. The lease is subject to renewal for another period under the same terms and conditions, subject to the payment of a reasonable monthly rental rate mutually agreed upon by the parties. Monthly rent is also subject to 10% escalation every year.

The minimum lease payments under operating leases recognized as expense amounted to **Php 0** and Php Php 885,269 for the year ended December 31, 2018 and 2017, respectively.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

		2018		2017
No later than 1 year	Php	**885,269**	Php	885,269
Later than 1 year and no later than 5 years		**1,918,304**		1,918,304
	Php	**2,803,573**	Php	2,803,573

Note 11: Employee benefit obligation

The Company provides no formal retirement plan. The Company's employee benefit obligation for retirement benefits is computed in accordance with Republic Act No. 7641 covering all regular employees. In case of retirement, employees are entitled to receive such retirement benefits as may have been earned under the existing laws. The Company's employee retirement benefits are based on employee pensionable compensation and length of service.

Note 12: Equity

The following are the Company's equity account details:

		2018		2017
Authorized capita share-50,000 shares @ Php100 par value	Php	**5,000,000**	Php	5,000,000
Fully paid, issued and outstanding Retained Earnings	Php	**1,250,000** **1,519,665**	Php	1,250,000 1,668,758
TOTAL	Php	**2,769,665**	Php	2,918,758

The Company is authorized to issue fifty thousand (50,000) ordinary shares with a par value of one hundred pesos (Php 100) per share. The balances as at December 31, 2018 and 2017 comprise twelve thousand five hundred (12,500) ordinary shares at par value with one million two hundred fifty thousand pesos (Php 1,250,000) fully paid, issued and outstanding. Further, the Company is not exposed to externally imposed capital requirement.

Note 13: Income taxes

The gross movement on the deferred income tax account is as follows:

		2018		2017
Beginning of the year	Php	**444,501**	Php	441,331
Add:		**63,897**		

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NOLCO				0
Excess MCIT (2%)				0
Excess Income Tax payments				0
Employees benefit obligation (30%)				3,170
End of the year	**Php**	**508,398**	Php	444,501

The deferred tax assets amounting to **Php 508,398** and Php 444,501 as at December 31, 2018 and 2017, respectively, is recognized in the company's statements of financial position since the management expects that it is probable that sufficient taxable income may be available in the future against which the management believes can be applied against the Company's regular income tax within the next three years immediately following the taxable year in which the Net Operating Loss Carry-Over (NOLCO) and Minimum Corporate Income Tax (MCIT) were incurred.

The details of the deferred tax asset attributed to NOLCO for the years ended December 31 follow:

Year of incurrence	Year of expiry		2017	2016
2018	2021	Php	63,897	
2016	2019			107,593
		Php	63,897	107,593

The details of the deferred tax asset attributed to MCIT for the years ended December 31 follow:

Year of incurrence	Year of expiry		2017	2016
2016	2019	Php	223,665	223,665
		Php	223,665	223,665

The Company recognized employee retirement benefit costs. These amounts are recorded under general and administrative expenses. The deferred income tax asset as at December 31 is computed on the Employee Benefit Obligation at the 30% statutory tax rate.

		Retirement Benefit			Tax Effect	
		2018	2017		**2018**	2017
Beginning balance	Php	**222,088**	211,523	Php	**66,627**	63,457
Provision		**0**	10,565		**0**	3,170
Ending balance	Php	**222,088**	222,088	Php	**66,627**	66,627

The provision for income tax for the years ended December 31 represent the 30% regular tax rate applied to the taxable income (NOLCO) and the retirement benefit follow:

		2018		2017
Current	**Php**		Php	23,873
Deferred				
Employee benefit obligation		**63.897**		(3,170)
NOLCO				0
MCIT				0
Excess Income Tax payments				0
Income tax expense	**Php**	**63,897**	Php	20,703

Note 14: Supplementary information required by Revenue Regulations No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties

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2019

and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

14.1 Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2018 and 2017.

14.2 Excise tax

The Company has no productions of goods for domestic sales or importation for the years ended December 31, 2018 and 2017. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

14.3 Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2018 and 2017.

14.4 Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

Note 15: Retained earnings

The Board resolved to appropriate the retained earnings amounting to **Php 1,519,665** during its Board meeting on December 31, 2018 to fund future business venture.

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REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-13, 20 26

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY ONE (21) page (s).

Verified by: ______________________ dated APRIL-13 20 26

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "XXXXXXX"

64403.0136.0000

208272033983003

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines
Tel:(632) 818-0921 Fax:(632) 818-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	CS200727773
Company Name	CITY HALL KING CHOW FOODS CORPORATION
Industry Classification	MISCELLANEOUS SVC. ACTIVITIES
Company Type	Stock Corporation

Document Information

Document ID	208272033983003
Document Type	FINANCIAL STATEMENT-ANNUAL
Document Code	FS
Period Covered	December 31, 2019
No. of Days Late	
Department	
Remarks	

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DAVAO

13 JUL 2020

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# COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 200727773

Company Name
CITY HALL KING CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)
BELEJ BLDG SAN PEDRO ST
DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	(082) 224-5068	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	June 28	December 31

CONTACT PERSON INFORMATION
The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CIGER S. SARIO	jb_ciger@yahoo.com	(082) 221-2397	

Contact Person's Address
3/F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name:	City Hall King Chow Foods Corporation
SEC Registration Number:	CS-2007-277-73
Principal Office:	Belej Bldg., San Pedro St., Davao City
Contact Number:	224-5068
Contact Person:	Ciger C. Sario
Address:	3/F PVL Bldg., Bolton St., Davao City
Contact Number:	221-2397

CITY HALL KING CHOW FOODS CORPORARION
BELEJ BLDG, SAN PEDRO ST, DAVAO CITY
Tax Identification Number: 006-503-001

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of CITY HALL KING FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

JUAN C. FRIVALDO, CPA, MBA, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chief Executive Officer: **JAIME T. CRUZ**
Signature over printed name

Treasurer & Chief financial Officer: **GERLIE S. DELA CRUZ**
Signature over printed name

Signed this 21st day of March, 2020

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RDO NO. 113 - WEST

CITY HALL KING CHOW FOODS CORPORARION
BELEJ BLDG, SAN PEDRO ST, DAVAO CITY
Tax Identification Number: 006-503-004

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of CITY HALL KING CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2019. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2019 and the accompanying Annual Income Tax Return are in accordance with the books and records of **CITY HALL KING CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **CITY HALL KING CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
Chief Executive Officer

GERLIE S. DELA CRUZ
Chief Financial Officer

Signed this ________ day of ________, 2020

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DISTRICT NO. 113

Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
Unit 6 Dakudao Building,
Gov. Duterte Street,
Davao City, Philippines

Telephone: (082) 221-9069
Fax: (6382) 221-9069
Email: jqelises@yahoo.com

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3rd Flr. JRT Building,
104 V. Ilustre Street,
Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

64403.0136.0005

STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **CITY HALL KING CHOW FOODS CORPORATION** covering the period January 1, 2019 to December 31, 2019 that are herewith submitted to the Securities and Exchange Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make this representation in my individual capacity.

Davao City, Philippines, March 31, 2020.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)
CDA CEA No. 032-AFH

By:

JUAN C. FRIVALDO
CPA Certificate No. 98229 (November 03, 2021)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 3757435 C (January 10, 2020)

Davao City, Philippines
March 31, 2020

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104 V. Ilustre Street,
Davao City, Philippines

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Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

64403.0136.0006

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
CITY HALL KING CHOW FOODS CORPORATION
Belej Bldg., San Pedro Street
Davao City, Philippines 8000

I have audited the financial statements of **CITY HALL KING CHOW FOODS CORPORATION** (the "Company") for the year ended December 31, 2019, on which I have rendered the attached report dated March 31, 2020.

In compliance with Revised Securities Regulation Code Rule No. 68, I am stating that the said Company has a total number of three (3) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)
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By:

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TIN: 912-933-298
PTR No. 3757435 C (January 10, 2020)

Davao City, Philippines
March 31, 2020

Elises & Ciudadano
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STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
CITY HALL KING CHOW FOODS CORPORATION
Belej Bldg., San Pedro Street
Davao City, Philippines 8000

I, the appointed independent auditor of **CITY HALL KING CHOW FOODS CORPORATION** (the "Company"), do hereby state that I have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 12 of the Notes to Financial Statements.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)
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CPA Certificate No. 98229 (November 03, 2021)
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TIN: 912-933-298
PTR No. 3757435 C (January 10, 2020)

Davao City, Philippines
March 31, 2020

Elises & Ciudadano
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To the Stockholders and the Board of Directors
CITY HALL KING CHOW FOODS CORPORATION
Belej Bldg., San Pedro Street
Davao City, Philippines 8000

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinion

I have audited the accompanying financial statements of **CITY HALL KING CHOW FOODS CORPORATION,** which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of profit and loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CITY HALL KING CHOW FOODS CORPORATION** as at December 31, 2019 and 2018, and its financial performance and its cash flow for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

I conducted my audit in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identified during my audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Such information is the responsibility of the management of **CITY HALL KING CHOW FOODS CORPORATION.** The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)
CDA CEA No. 032-AFH

By:

JUAN C. FRIVALDO
CPA Certificate No. 98229 (November 03, 2021)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 3757435 C (January 10, 2020)

Davao City, Philippines
March 31, 2020

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CITYHALL KING CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION
For the Years Ended December 31, 2019 and 2018

	Note	2019	2018
ASSETS			
Current Assets			
Cash	2.3.1 , 4	**Php 6,424,123**	Php 6,424,123
Trade receivables	2.3.2 , 5	**1,866,350**	1,866,350
Inventory	2.3.3 , 6	**331,409**	331,409
Other current assets	2.3.4 , 7	**142,778**	142,778
Total Current Assets		**8,764,660**	8,764,660
Noncurrent Assets			
Property and equipment, net	2.3.5 , 8	-	-
Deferred tax asset	2.3.6 , 12	**508,398**	508,398
Other noncurrent assets		**443,377**	443,377
Total Noncurrent Assets		**951,775**	951,775
Total Assets		Php 9,716,435	Php 9,716,435
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	2.3.8 , 9	**6,724,682**	6,724,682
Income tax payable	2.3.13	-	-
Total Current Liabilities		**6,724,682**	6,724,682
Noncurrent Liabilities			
Employee benefit obligation	2.3.11 , 10	**222,088**	222,088
Total Noncurrent Liabilities		**222,088**	222,088
Total Liabilities		6,946,770	6,946,770
Stockholders' Equity			
Share capital	11	**1,250,000**	1,250,000
Retained earnings-unappropriated			
Retained earnings-appropriated	14	**1,519,665**	1,519,665
Total Stockholders' Equity		2,769,665	2,769,665
Total Liabilities and Stockholders' Equity		Php 9,716,435	Php 9,716,435

See accompanying Notes to Financial Statements.

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CITYHALL KING CHOW FOODS CORPORATION

STATEMENTS OF PROFIT OR LOSS

For the Years Ended December 31, 2019 and 2018

	Note	2019	2018
REVENUES			
Sales		Php -	Php -
Less: Cost of Sales		-	-
Gross Profit		-	-
LESS: GENERAL AND ADMINISTRATIVE EXPENSES			
Communication, light and water		-	-
Depreciation		-	170,396
Employee retirement benefits		-	-
Insurance		-	-
Office supplies		-	-
Rental		-	-
Repairs and maintenance		-	-
Salaries, wages and benefits		-	-
Senior citizen discount		-	-
Taxes and licenses		-	42,594
Transportation and travel		-	-
Total General and Administrative Expenses		-	212,990
INCOME BEFORE INCOME TAX		-	(212,990)
LESS: PROVISION FOR INCOME TAX			
Current	12	-	-
Deferred		-	(63,897)
Income Tax Expense		-	(63,897)
NET PROFIT (LOSS)		Php -	Php (149,093)

See accompanying Notes to Financial Statements.

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CITYHALL KING CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit (Loss)	-	(149,093)
(Less) Add: Adjustments		
Depreciation	-	170,396
Deferred tax asset	-	(63,897)
(Increase) Decrease in Assets:		
Trade receivables	-	-
Inventories	-	-
Prepayments	-	-
Increase (decrease) in Liabilities:		
Trade and other payables	-	-
Income tax payable	-	(42,970)
Employee benefit obligation	-	-
Net cash flows from operating activities	-	(85,564)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of other noncurrent assets	-	-
Net cash flows from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of advances from stockholders	-	-
Net cash flows from financing activities	-	-
INCREASE (DECREASE) IN CASH	-	(85,564)
CASH AT JANUARY 1	**6,424,123**	6,509,687
CASH AT DECEMBER 31	6,424,123	6,424,123

See accompanying Notes to Financial Statements.

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CITYHALL KING CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2019 and 2018

		Stockholder's Equity			
		Share Capital	Retained Earnings		Total
At January 1, 2019	**Php**	**1,250,000**	**1,519,665**	**Php**	**2,769,665**
Add: Net Profit (Loss)			**-**		**-**
At December 31, 2019	Php	1,250,000	1,519,665	Php	2,769,665
At January 1, 2018	Php	1,250,000	1,668,758	Php	2,918,758
Add: Net Profit (Loss)			(149,093)		(149,093)
At December 31, 2018	Php	1,250,000	1,519,665	Php	2,769,665

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CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - CORPORATE INFORMATION

Cityhall King Chow Foods Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to engage, operate and maintain restaurant, coffee shop, refreshment parlors, and cocktail lounges and cater foods. The registered business address of the Company is at BELEJ Bldg, San Pedro St, Davao City.

The financial statements herewith were authorized for issue by the Board of Directors on March 31, 2020.

NOTE 2 - BASIS OF PREPARATION, STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency.

2.2 Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the "Framework") as approved by the Financial Reporting Standards Council, Board of Accountancy, and Securities and Exchange Commission (SEC).

The Company's opening Statement of Financial Position was prepared as at January 1, 2019, the Company's transition date to PFRS for Small Entities (SEs). The Company had not restated the comparative information for there were no adjustments to be made in the previous financial statements prepared in accordance with PFRS for SMEs.

In compliance with the standard set forth by SEC under the Revised Securities Regulation Code (SRC) Rule 68, the Company has adopted to use the "Framework" for small entities. Small entities:

- (a) Are those that meet all of the following criteria:
  - (1) Total assets of between Three Million Pesos (P3 Million) to One Hundred Million Pesos (P100 Million) or total liabilities between Three Million Pesos (P3 Million) to One Hundred Million Pesos (P100 Million). If the entity is a parent company, the said amounts shall be based on the consolidated figures;
  - (2) Are not required to file financial statements under Part II of SRC Rule 68;
  - (3) Are not in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market; and
  - (4) Are not holders of secondary licenses issued by regulatory agencies.
- (b) Shall use as their financial reporting framework the PFRS for SEs as adopted by the SEC. However, entities who have operations or investments that are based or conducted in a different country with different functional currency shall not apply this Framework and should instead apply the full PFRSs or PFRS for SMEs.

The preparation of financial statements in conformity with the Framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

2.3 Significant Accounting Policies

2.3.1 Cash

Cash consists of cash on hand and in banks.

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2.3.2 Trade receivables

Trade receivables refer to claims arising from sale of merchandise or services in the ordinary course of business and are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.3.3 Inventory

Inventories are assets which are held for sale in the ordinary course of business and are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

Cost are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

2.3.4 Other current assets

Other current assets include deposits which pertain to advance payments to suppliers to be applies for future purchases, prepaid expenses which are paid in advance and recorded as asset before these are utilized; and creditable withholding taxes, which will be applies in the following year against corporate income tax or to be claimed for refund with the Bureau of Internal revenue.

2.3.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment values. The initial cost includes its purchase price, freight, handling, storage, import duties, taxes and other expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized and charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method or the lease term in case of leasehold improvements, whichever is shorter. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights & improvements	3 – 5

The asset's residual values, useful lives and depreciation methods are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the period and method are consistent with the expected pattern, and to oversee if there are indications of a significant change since the last reporting date.

When assets are sold or retired, the cost, accumulated depreciation and any impairment are eliminated from the accounts and any gain or losses from the disposal is included in the statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

2.3.6 Deferred tax asset

Deferred tax asset is the tax effect of expected future income tax benefit relating to the long-service benefit, which will not be tax-deductible until the benefit is actually paid but has already been recognized as an expense in measuring the profit for the year.

2.3.7 Impairment of non-financial assets

Impairment of assets is a fall in the market value of an asset so that its recoverable amount is less than its carrying value. Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.3.8 Trade and other payables

Trade and other payables are obligations of an entity arising from past transactions or events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial liability in the period in which the related money, goods or services are received or when a legally enforceable claim against the company is established or when the corresponding assets and expenses are recognized. After initial recognition, an entity shall measure it at amortized cost using the effective interest method. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.3.9 Related party relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form.

2.3.10 Leases

Leases are agreements whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments under operating lease made by the Company are charged on a straight-line basis over the period of the lease to the operations.

2.3.11 Employee benefit obligation

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees. It is related to the government-mandated retirement benefit liability payments for employees of the company. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company has used a simplified method to measure its defined benefit obligation where the future salary increases, future service and possible in-service mortality are ignored and the company does not fund its obligation in advance and the company is unable to use the projected unit credit method without undue cost or effort.

2.3.12 Revenue and expense recognition

Revenue arises in the ordinary course of the Company's activities. It comprises the fair value of the consideration received or receivable for the sale of goods. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; the entity retains neither continuing managerial involvement nor effective control over the goods sold; and the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Expenses are recognized in the statement of comprehensive income when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Operating and administrative expenses are recognized when incurred.

2.3.13 Income taxes

The tax expense for the period comprises current and deferred tax. Income tax expense represents the sum of the tax currently payable and is also recognized in the profit or loss. Tax currently payable is based on taxable profit for the year multiplied to the tax rates and laws that have been enacted by the reporting period.

Deferred income tax is recognized between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases, known as temporary difference, and could be a net deferred tax asset or net deferred tax liability. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the period in which it expects that the temporary difference will be realized or settled, on the basis of tax rates and laws that have been enacted or substantially enacted by the end of the reporting date.
The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Unrecognized deferred tax assets are re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.3.14 Subsequent events

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to financial statements when material.

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES

The judgments, assumptions and estimates used in the financial statements are based upon management's continued evaluation of relevant facts and circumstances including expectations of future as at the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

Assumptions used in arriving at the estimates may change in the future depending on what is believed to be reasonable under the circumstances and the effects of such changes are reflected in the financial statements as they become readily determinable.

The following judgments, assumptions and estimates that have the most significant risk of causing a material adjustment in the financial statements are disclosed below:

(a) Income taxes
Significant and prudent judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the tax determination is uncertain. The Company recognizes liabilities for anticipated tax examination issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Employee benefit obligation
The retirement obligation and cost and other retirement benefits is based on the selection of certain assumptions used. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

NOTE 4 - CASH

The cash account as at December 31 consists of:

		2019		2018
Cash on hand	Php	**63,000**	Php	63,000
Cash in bank		**6,361,123**		6,361,123
	Php	**6,424,123**	Php	6,424,123

NOTE 5 - TRADE RECEIVABLES

Trade receivables amounted to **Php 1,866,350** and Php 1,866,350 as at December 31, 2019 and 2018, respectively.

These accounts are non-interest bearing and are normally collected or liquidated within one year. The Company management has assessed that as at December 31, 2019 and 2018, none of the above accounts are impaired.

NOTE 6 - INVENTORY

The inventory account as at December 31 consists of:

		2019		2018
Foods supplies and processed inventories	**Php**	**297,872**	Php	297,872
Packaging, store and other supplies		**33,537**		33,537
Novelty items				
	Php	**331,409**	Php	331,409

There were no costs of inventories recognized as expenses as at December 31, 2019 and 2018, respectively.

NOTE 7 - OTHER CURRENT ASSETS

The prepayments account at December 31 consists of:

		2019		2018
Prepayments	**Php**	**142,778**	Php	142,778
	Php	**142,778**	Php	142,778

NOTE 8 - PROPERTY AND EQUIPMENT

The account as at December 31 consists of:

2019

		Leasehold rights and improvements		Store equipment		Furniture and fixtures		Total
Cost January 1, 2019	Php	9,287,073	Php	9,362,702	Php	1,910,672	Php	20,560,447
Accumulated Depreciation January 1, 2019		9,287,073		9,362,702		1,910,672		20,560,447
Depreciation charge		0		0		0		0
December 31, 2019		9,287,073		9,362,702		1,910,672		20,560,447
Net book value	**Php**	**0**	**Php**	**0**	**Php**	**0**	**Php**	**0**

2018

		Leasehold rights and improvements		Store equipment		Furniture and fixtures		Total
Cost January 1, 2018	Php	9,287,073	Php	9,362,702	Php	1,910,672	Php	20,560,447

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Accumulated Depreciation				
January 1, 2018	9,287,073	9,192,306	1,910,672	20,390,051
Depreciation charge	0	170,396	0	170,396
December 31, 2018	9,287,073	9,362,702	1,910,672	20,560,447
Net book value	**Php 0**	**Php 0**	**Php 0**	**Php 0**

Depreciation charges as at December 31, 2019 and 2018 amounted to **Php 0** and Php 170,396, respectively.

NOTE 9 - TRADE AND OTHER PAYABLES

Details of this account as at December 31 consist of:

		2019		2018
Trade payables	**Php**	**5,436,778**	Php	5,436,778
SSS, HDMF, PHIC and taxes on wages		**986,702**		986,702
Accrued expenses		**301,202**		301,202
	Php	**6,724,682**	Php	6,724,682

NOTE 10 - EMPLOYEE BENEFIT OBLIGATION

The Company provides no formal retirement plan. The Company's employee benefit obligation for retirement benefits is computed in accordance with Republic Act No. 7641 covering all regular employees. In case of retirement, employees are entitled to receive such retirement benefits as may have been earned under the existing laws. The Company's employee retirement benefits are based on employee pensionable compensation and length of service.

NOTE 11 - EQUITY

The following are the Company's equity account details:

		2019		2018
Authorized capital share-50,000 shares @ Php100 par value	**Php**	**5,000,000**	Php	5,000,000
Fully paid, issued and outstanding	**Php**	**1,250,000**	Php	1,250,000
Retained Earnings		**1,519,665**		1,519,665
TOTAL	**Php**	**2,769,665**	Php	2,769,665

The Company is authorized to issue fifty thousand (50,000) ordinary shares with a par value of one hundred pesos (Php 100) per share. The balances as at December 31, 2019 and 2018 comprise twelve thousand five hundred (12,500) ordinary shares at par value with one million two hundred fifty thousand pesos (Php 1,250,000) fully paid, issued and outstanding. Further, the Company is not exposed to externally imposed capital requirement.

NOTE 12 - INCOME TAXES

Since the management expects that it is probable that sufficient taxable income may be available in the future against which the management believes can be applied against the Company's regular income tax within the next three years immediately following the taxable year in which the Net Operating Loss Carry-Over (NOLCO) and Minimum Corporate Income Tax (MCIT) were incurred, the deferred tax assets are recognized in the company's statements of financial position as follows:

		2019		2018
Deferred tax assets	**Php**	**508,398**	Php	508,398
End of the year	**Php**	**508,398**	Php	508,398

The gross movement on the deferred income tax account is as follows

		2019		2018
Beginning of the year	**Php**	**508,398**	Php	444,501
Add:				
NOLCO		**0**		63,897
Excess MCIT (2%)		**0**		0
Excess Income Tax payments		**0**		0
Employees benefit obligation (30%)		**0**		0
End of the year	**Php**	**508,398**	Php	508,398

The details of the deferred tax asset attributed to NOLCO for the years ended December 31 follow:

Year of incurrence	Year of expiry		2017	2016
2018	2021	Php	63,897	
2016	2019			107,593
		Php	63,897	107,593

The details of the deferred tax asset attributed to MCIT for the years ended December 31 follow:

Year of incurrence	Year of expiry		2017	2016
2016	2019	Php	116,112	223,665
		Php	116,112	223,665

The Company recognized employee retirement benefit costs. These amounts are recorded under general and administrative expenses. The deferred income tax asset as at December 31 is computed on the Employee Benefit Obligation at the 30% statutory tax rate.

		Retirement Benefit			Tax Effect	
		2019	2018		**2019**	2018
Beginning balance	Php	**222,088**	222,088	Php	**66,627**	66,627
Provision		**0**	0		**0**	0
Ending balance	Php	**222,088**	222,088	Php	**66,627**	66,627

The provision for income tax for the years ended December 31 represent the 30% regular tax rate applied to the taxable income (NOLCO) and the retirement benefit follow:

		2019		2018
Current	**Php**	**0**	Php	0
Deferred				
Employee benefit obligation		**0**		0
NOLCO				63,897
MCIT				0
Excess Income Tax payments				0
Income tax expense	**Php**	**63,897**	Php	63,897

NOTE 13 - SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATIONS NO 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of

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RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

13.1 Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2019 and 2018.

13.2 Excise tax

The Company has no productions of goods for domestic sales or importation for the years ended December 31, 2019 and 2018. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

13.3 Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2019 and 2018.

13.4 Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

NOTE 14 - RETAINED EARNINGS

The Board resolved to appropriate the retained earnings amounting to **Php 1,519,665** during its Board meeting on December 31, 2018 to fund future business venture.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-13, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY TWO (22) page (s).

Verified by: ______ dated APRIL-13 2026

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "YYYYYYY"

# COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 200727773

Company Name
CITY HALL KING CHOW FOODS
CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)
BELEJ BUILDING SAN PEDRO
STREET DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jb_itcdvoacctg@yahoo.com	082-2245068	09327713142

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	June 28	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
GERLIE S. DELA CRUZ	itc.acc0uting@gmail.com	082-2245068	09165226537

Contact Person's Address
3F PVL BLDG, BOLTON ST, DAVAO CITY

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name:	City Hall King Chow Foods Corporation
SEC Registration Number:	CS-2007-277-73
Principal Office:	Belej Bldg., San Pedro St., Davao City
Contact Number:	224-5068
Contact Person:	Gerlie S. Dela Cruz
Address:	3/F PVL Bldg., Bolton St., Davao City
Contact Number:	224-5068

MAR 25 2021

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CITY HALL KING CHOW FOODS CORPORARION
BELEJ BLDG, SAN PEDRO ST, DAVAO CITY
Tax Identification Number: 006-503-004

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of CITY HALL KING CHOW FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2020. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of **CITY HALL KING CHOW FOODS CORPORATION** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **CITY HALL KING CHOW FOODS CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAIME T. CRUZ
Chief Executive Officer

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GERLIE S. DELA CRUZ
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this MAR 0 9 2021 by the affiant who exhibited to me his/her ____________ as competent proof of identity.

RECEIVED
MAR 2 5 2021

Signed this ________ day MAR 0 9 2021, 2021

00890383

Notary Public
...n. Serial no. 2021-009-2022
Until 31 December 2022
Roll of Attorney No. 58867
IBP No. ... (2021)-DC
PTR No. 470159... 12/1.../2019 (2021)-DC
TIN No. 409-...-796
MCLE Compliance No. VI-0009804
2/F Marco Bldg. corner Bolton & Rizal Sts., DC
Office Landline No.: 082) 333-4366

Doc. No. 99
Page No. [illegible]
Book No. [illegible]
Series of 2021

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CITY HALL KING CHOW FOODS CORPORARION
BELEJ BLDG, SAN PEDRO ST, DAVAO CITY
Tax Identification Number: 006-503-004

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of CITY HALL KING FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

JUAN C. FRIVALDO, CPA, MBA, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chief Executive Officer: **JAIME T. CRUZ**
Signature over printed name

Treasurer & Chief financial Officer: **GERLIE S. DELA CRUZ**
Signature over printed name

SUBSCRIBED AND SWORN to before me this MAR 0 9 2021 by the affiant who exhibited to me his/her ______ as competent proof of identity.

Signed this MAR 0 9 2021 day of ______, 2021

RECEIVED
MAR 2 5 2021

RYAN ERIK C. SANTIAGO
NOTARY PUBLIC
Until 31 December
Roll No. 58867
2020 (2021)-DC
MCLE Compliance No. VI-0009804
2/F Marco Bldg. corner Bolton & Rizal Sts., DC
Office Landline No. (082) 333-4366

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E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
Unit 6 Dakudao Building,
Gov. Duterte Street,
Davao City, Philippines

Telephone: (082) 221-9069
Fax: (6382) 221-9069
Email: jqelises@yahoo.com

THELMA S. CIUDADANO
3rd Flr. JRT Building,
104 V. Ilustre Street,
Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

To the Stockholders and the Board of Directors
CITY HALL KING CHOW FOODS CORPORATION
Belej Bldg., San Pedro Street
Davao City, Philippines 8000

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **CITY HALL KING CHOW FOODS CORPORATION**, which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of profit and loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CITY HALL KING CHOW FOODS CORPORATION** as at December 31, 2020 and 2019, and its financial performance and its cash flow for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the matter

We draw attention to Note 15 to the financial statements which indicates the impact of COVID-19 on the entity's financial performance and cash flows, and its ability to continue as a going concern. The management's plans in response to these events and circumstances are also discussed in Note 15 to the financial statements. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

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accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Such information is the responsibility of the management of **CITY HALL KING CHOW FOODS CORPORATION.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)

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City Hall King Chow Foods Corporation

By:

JUAN C. FRIVALDO
CPA Certificate No. 98229 (November 03, 2021)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

March 1, 2021
Davao City, Philippines

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CITYHALL KING CHOW FOODS CORPORATION

STATEMENTS OF FINANCIAL POSITION
As of December 31, 2020 and 2019

	Notes	2020		2019
ASSETS				
Current Assets				
Cash	2.3.1 , 4	Php	**6,424,123**	Php 6,424,123
Trade receivables	2.3.2 , 5		**1,866,350**	1,866,350
Inventory	2.3.3 , 6		**331,409**	331,409
Other current assets	2.3.4 , 7		**142,778**	142,778
Total Current Assets			**8,764,660**	8,764,660
Noncurrent Assets				
Property and equipment, net	2.3.5 , 8		-	-
Deferred tax asset	2.3.6 , 12		**130,523**	508,398
Other noncurrent assets			**443,377**	443,377
Total Noncurrent Assets			**573,900**	951,775
Total Assets		Php	9,338,560	Php 9,716,435
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Trade and other payables	2.3.8 , 9		**6,724,682**	6,724,682
Income tax payable	2.3.13		-	-
Total Current Liabilities			**6,724,682**	6,724,682
Noncurrent Liabilities				
Employee benefit obligation	2.3.11 , 10		**222,088**	222,088
Total Noncurrent Liabilities			**222,088**	222,088
Total Liabilities			6,946,770	6,946,770
Stockholders' Equity				
Share capital	11		**1,250,000**	1,250,000
Retained earnings-unappropriated			-	-
Retained earnings-appropriated	14		**1,141,790**	1,519,665
Total Stockholders' Equity			2,391,790	2,769,665
Total Liabilities and Stockholders' Equity		Php	9,338,560	Php 9,716,435

See accompanying Notes to Financial Statements.

CITYHALL KING CHOW FOODS CORPORATION

STATEMENTS OF PROFIT OR LOSS

For the Years Ended December 31, 2020 and 2019

	Note	2020	2019
REVENUES			
Sales		Php -	Php -
Less: Cost of Sales		-	-
Gross Profit		-	-
LESS: GENERAL AND ADMINISTRATIVE EXPENSES			
Communication, light and water		-	-
Depreciation		-	-
Employee retirement benefits		-	-
Insurance		-	-
Office supplies		-	-
Rental		-	-
Repairs and maintenance		-	-
Salaries, wages and benefits		-	-
Senior citizen discount		-	-
Taxes and licenses		-	-
Transportation and travel		-	-
Total General and Administrative Expenses		-	-
INCOME BEFORE INCOME TAX		-	-
LESS: PROVISION FOR INCOME TAX			
Current	12	-	-
Deferred		-	-
Income Tax Expense		-	-
NET PROFIT (LOSS)		Php -	Php -

See accompanying Notes to Financial Statements.

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CITYHALL KING CHOW FOODS CORPORATION

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit (Loss)	Php -	Php -
(Less) Add: Adjustments		
Depreciation	-	-
Deferred tax asset	-	-
(Increase) Decrease in Assets:		
Trade receivables	-	-
Inventories	-	-
Prepayments	-	-
Increase (decrease) in Liabilities:		
Trade and other payables	-	-
Income tax payable	-	-
Employee benefit obligation	-	-
Net cash flows from operating activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of other noncurrent assets	-	-
Net cash flows from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of advances from stockholders	-	-
Net cash flows from financing activities	-	-
INCREASE (DECREASE) IN CASH	-	-
CASH AT JANUARY 1	6,424,123	6,424,123
CASH AT DECEMBER 31	Php 6,424,123	Php 6,424,123

See accompanying Notes to Financial Statements.

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CITYHALL KING CHOW FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2020 and 2019

		Stockholders' Equity			
		Share Capital	Retained Earnings		Total
At January 1, 2020	**Php**	**1,250,000**	**1,519,665**	**Php**	**2,769,665**
Add: Net Profit (Loss)			**-**		**-**
Less: Write-off of Deferred Tax Asset			**(377,875)**		**(377,875)**
At December 31, 2020	Php	1,250,000	1,141,790	Php	2,391,790
At January 1, 2019	Php	1,250,000	1,519,665	Php	2,769,665
Add: Net Profit (Loss)			-		-
At December 31, 2019	Php	1,250,000	1,519,665	Php	2,769,665

See accompanying Notes to Financial Statements.

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CITY HALL KING CHOW FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 1 - CORPORATE INFORMATION

City Hall King Chow Foods Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on May 9, 2007 to engage, operate and maintain restaurant, coffee shop, refreshment parlors, and cocktail lounges and cater foods. The registered business address of the Company is at BELEJ Bldg, San Pedro St, Davao City.

The financial statements herewith were authorized for issue by the Board of Directors on March 1, 2021.

NOTE 2 - BASIS OF PREPARATION, STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis and presented in Philippine peso, the Company's functional currency.

2.2 Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the "Framework") as approved by the Financial Reporting Standards Council, Board of Accountancy, and Securities and Exchange Commission (SEC).

The Company's opening Statement of Financial Position was prepared as at January 1, 2019, the Company's transition date to PFRS for Small Entities (SEs). The Company had not restated the comparative information for there were no adjustments to be made in the previous financial statements prepared in accordance with PFRS for SMEs.

In compliance with the standard set forth by SEC under the Revised Securities Regulation Code (SRC) Rule 68, the Company has adopted to use the "Framework" for small entities. Small entities:

(a) Are those that meet all of the following criteria:
  (1) Total assets of between Three Million Pesos (P3 Million) to One Hundred Million Pesos (P100 Million) or total liabilities between Three Million Pesos (P3 Million) to One Hundred Million Pesos (P100 Million). If the entity is a parent company, the said amounts shall be based on the consolidated figures;
  (2) Are not required to file financial statements under Part II of SRC Rule 68;
  (3) Are not in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market; and
  (4) Are not holders of secondary licenses issued by regulatory agencies.

(b) Shall use as their financial reporting framework the PFRS for SEs as adopted by the SEC. However, entities who have operations or investments that are based or conducted in a different country with different functional currency shall not apply this Framework and should instead apply the full PFRSs or PFRS for SMEs.

The preparation of financial statements in conformity with the Framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

2.3 Significant Accounting Policies

2.3.1 Cash

Cash consists of cash on hand and in banks.

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2.3.2 Trade receivables

Trade receivables refer to claims arising from sale of merchandise or services in the ordinary course of business and are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.3.3 Inventory

Inventories are assets which are held for sale in the ordinary course of business and are stated at the lower of cost and estimated selling price less cost to sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss.

Cost are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

2.3.4 Other current assets

Other current assets include deposits which pertain to advance payments to suppliers to be applies for future purchases, prepaid expenses which are paid in advance and recorded as asset before these are utilized; and creditable withholding taxes, which will be applies in the following year against corporate income tax or to be claimed for refund with the Bureau of Internal revenue.

2.3.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment values. The initial cost includes its purchase price, freight, handling, storage, import duties, taxes and other expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized and charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method or the lease term in case of leasehold improvements, whichever is shorter. The estimated useful lives range as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights & improvements	3 – 5

The asset's residual values, useful lives and depreciation methods are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the period and method are consistent with the expected pattern, and to oversee if there are indications of a significant change since the last reporting date.

When assets are sold or retired, the cost, accumulated depreciation and any impairment are eliminated from the accounts and any gain or losses from the disposal is included in the statement of comprehensive income. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

2.3.6 Deferred tax asset

Deferred tax asset is the tax effect of expected future income tax benefit relating to the long-service benefit, which will not be tax-deductible until the benefit is actually paid but has already been recognized as an expense in measuring the profit for the year.

2.3.7 Impairment of non-financial assets

Impairment of assets is a fall in the market value of an asset so that its recoverable amount is less than its carrying value. Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

2.3.8 Trade and other payables

Trade and other payables are obligations of an entity arising from past transactions or events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial liability in the period in which the related money, goods or services are received or when a legally enforceable claim against the company is established or when the corresponding assets and expenses are recognized. After initial recognition, an entity shall measure it at amortized cost using the effective interest method. Accrued expenses and other payables are derecognized when they are discharged or cancelled or expired.

2.3.9 Related party relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship, and not merely the legal form.

2.3.10 Leases

Leases are agreements whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments under operating lease made by the Company are charged on a straight-line basis over the period of the lease to the operations.

2.3.11 Employee benefit obligation

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees. It is related to the government-mandated retirement benefit liability payments for employees of the company. The Company's cost and obligation to make retirement benefit payments to employees are recognized during the employee's periods of service. The Company has used a simplified method to measure its defined benefit obligation where the future salary increases, future service and possible in-service mortality are ignored and the company does not fund its obligation in advance and the company is unable to use the projected unit credit method without undue cost or effort.

2.3.12 Revenue and expense recognition

Revenue arises in the ordinary course of the Company's activities. It comprises the fair value of the consideration received or receivable for the sale of goods. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when: the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; the entity retains neither continuing managerial involvement nor effective control over the goods sold; and the costs incurred or to be incurred in respect to the transaction can be measured reliably.

Expenses are recognized in the statement of comprehensive income when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Operating and administrative expenses are recognized when incurred.

2.3.13 Income taxes

The tax expense for the period comprises current and deferred tax. Income tax expense represents the sum of the tax currently payable and is also recognized in the profit or loss. Tax currently payable is based on taxable profit for the year multiplied to the tax rates and laws that have been enacted by the reporting period.

Deferred income tax is recognized between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases, known as temporary difference, and could be a net deferred tax asset or net deferred tax liability. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the period in which it expects that the temporary difference will be realized or settled, on the basis of tax rates and laws that have been enacted or substantially enacted by the end of the reporting date.
The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Unrecognized deferred tax assets are re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.3.14 Subsequent events

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to financial statements when material.

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS AND ESTIMATES

The judgments, assumptions and estimates used in the financial statements are based upon management's continued evaluation of relevant facts and circumstances including expectations of future as at the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

Assumptions used in arriving at the estimates may change in the future depending on what is believed to be reasonable under the circumstances and the effects of such changes are reflected in the financial statements as they become readily determinable.

The following judgments, assumptions and estimates that have the most significant risk of causing a material adjustment in the financial statements are disclosed below:

(a) Income taxes
Significant and prudent judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the tax determination is uncertain. The Company recognizes liabilities for anticipated tax examination issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Employee benefit obligation
The retirement obligation and cost and other retirement benefits is based on the selection of certain assumptions used. In accordance with the generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

NOTE 4 - CASH

The cash account as at December 31 consists of:

		2020		2019
Cash on hand	**Php**	**63,000**	Php	63,000
Cash in bank		**6,361,123**		6,361,123
	Php	**6,424,123**	Php	6,424,123

NOTE 5 - TRADE RECEIVABLES

Trade receivables amounted to **Php 1,866,350** and Php 1,866,350 as at December 31, 2020 and 2019, respectively.

These accounts are non-interest bearing and are normally collected or liquidated within one year. The Company management has assessed that as at December 31, 2020 and 2019, none of the above accounts are impaired.

NOTE 6 - INVENTORY

The inventory account as at December 31 consists of:

		2020		2019
Foods supplies and processed inventories	**Php**	**297,872**	Php	297,872
Packaging, store and other supplies		**33,537**		33,537
Novelty items				
	Php	**331,409**	Php	331,409

There were no costs of inventories recognized as expenses as at December 31, 2020 and 2019, respectively.

NOTE 7 - OTHER CURRENT ASSETS

The prepayments account at December 31 consists of:

		2020		2019
Prepayments	**Php**	**142,778**	Php	142,778
	Php	**142,778**	Php	142,778

NOTE 8 - PROPERTY AND EQUIPMENT

The account as at December 31 consists of:

2020								
		Leasehold rights and improvements		**Store equipment**		**Furniture and fixtures**		**Total**
Cost								
January 1, 2020	Php	9,287,073	Php	9,362,702	Php	1,910,672	Php	20,560,447
Accumulated Depreciation								
January 1, 2020		9,287,073		9,362,702		1,910,672		20,560,447
Depreciation charge		0		0		0		0
December 31, 2020		9,287,073		9,362,702		1,910,672		20,560,447
Net book value	**Php**	**0**	Php	0	Php	0	Php	0

	2019							
		Leasehold rights and improvements		Store equipment		Furniture and fixtures		Total
Cost								
January 1, 2019	Php	9,287,073	Php	9,362,702	Php	1,910,672	Php	20,560,447
Accumulated Depreciation								
January 1, 2019		9,287,073		9,362,702		1,910,672		20,560,447
Depreciation charge		0		0		0		0
December 31, 2019		9,287,073		9,362,702		1,910,672		20,560,447
Net book value	**Php**	**0**	**Php**	**0**	**Php**	**0**	**Php**	**0**

Depreciation charges as at December 31, 2020 and 2019 amounted to **Php 0** and Php 0, respectively.

NOTE 9 - TRADE AND OTHER PAYABLES

Details of this account as at December 31 consist of:

		2020		2019
Trade payables	**Php**	**5,436,778**	Php	5,436,778
SSS, HDMF, PHIC and taxes on wages		**986,702**		986,702
Accrued expenses		**301,202**		301,202
	Php	**6,724,682**	Php	6,724,682

NOTE 10 - EMPLOYEE BENEFIT OBLIGATION

The Company provides no formal retirement plan. The Company's employee benefit obligation for retirement benefits is computed in accordance with Republic Act No. 7641 covering all regular employees. In case of retirement, employees are entitled to receive such retirement benefits as may have been earned under the existing laws. The Company's employee retirement benefits are based on employee pensionable compensation and length of service.

NOTE 11 - EQUITY

The following are the Company's equity account details:

		2020		2019
Authorized capital share-50,000 shares @ Php100 par value	**Php**	**5,000,000**	Php	5,000,000
Fully paid, issued and outstanding	**Php**	**1,250,000**	Php	1,250,000
Retained Earnings		**1,519,665**		1,519,665
TOTAL	**Php**	**2,769,665**	Php	2,769,665

The Company is authorized to issue fifty thousand (50,000) ordinary shares with a par value of one hundred pesos (Php 100) per share. The balances as at December 31, 2020 and 2019 comprise twelve thousand five hundred (12,500) ordinary shares at par value with one million two hundred fifty thousand pesos (Php 1,250,000) fully paid, issued and outstanding. Further, the Company is not exposed to externally imposed capital requirement.

NOTE 12 - INCOME TAXES

Since the management expects that it is probable that sufficient taxable income may be available in the future against which the management believes can be applied against the Company's regular income tax within the next three years immediately following the taxable year in which the Net Operating Loss Carry-Over (NOLCO) and Minimum Corporate Income Tax (MCIT) were incurred, the deferred tax assets are recognized in the company's statements of financial position as follows:

		2020		2019
Deferred tax assets	**PhP**	**130,523**	PhP	508,398
End of the year	**Php**	**130,523**	Php	508,398

The gross movement on the deferred income tax account is as follows:

		2020		2019
Beginning of the year	**Php**	**508,398**	Php	508,398
Less:				
NOLCO expired		**(377,875)**		0
End of the year	**Php**	**130,523**	Php	508,398

The details of the deferred tax asset attributed to NOLCO for the years ended December 31, 2020 follow:

Year of incurrence	Year of expiry		2020
2018	2021	Php	63,897
		Php	63,897

The Company recognized employee retirement benefit costs. These amounts are recorded under general and administrative expenses. The deferred income tax asset as at December 31 is computed on the Employee Benefit Obligation at the 30% statutory tax rate.

		Retirement Benefit			Tax Effect	
		2020	2019		**2020**	2019
Beginning balance	Php	**222,088**	222,088	Php	**66,626**	66,626
Provision		**0**	0		**0**	0
Ending balance	Php	**222,088**	222,088	Php	**66,626**	66,626

The provision for income tax for the years ended December 31 represent the 30% regular tax rate applied to the taxable income (NOLCO) and the retirement benefit follow:

		2020		2019
Current	**Php**	**0**	Php	0
Deferred				
Employee benefit obligation		**0**		0
NOLCO		**0**		0
MCIT		**0**		0
Excess Income Tax payments		**0**		0
Income tax expense	**Php**	**0**	Php	0

Securities and Exchange Commission

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NOTE 13 - SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATIONS NO. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

13.1 Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2020 and 2019.

13.2 Excise tax

The Company has no productions of goods for domestic sales or importation for the years ended December 31, 2020 and 2019. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

13.3 Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2020 and 2019.

13.4 Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

NOTE 14 - RETAINED EARNINGS

The Board resolved to appropriate the retained earnings amounting to **Php 1,519,665** during its Board meeting on December 31, 2018 to fund future business venture.

NOTE 15 - IMPACT OF THE COVID-19 PANDEMIC

A novel coronavirus outbreak was first identified in Wuhan, Hubei Province, China, in December 2019. On February 11, 2020, the World Health Organization proclaimed an official name for the disease as COVID-19. The COVID-19 coronavirus pandemic has rapidly spread throughout the world in 2020. The President of the Philippines issued a state of calamity throughout the Philippine archipelago due to the COVID-19 pandemic and addresses this issue to contain the spread of the virus by the imposition of community quarantines, social distancing, suspension of classes, restriction of mass public transport system, suspension of land, domestic air and domestic sea travel to and from different cities and provinces, and closure of non-essential services, among others.

The various measures imposed by the Philippine government and those that will be additionally implemented as a result of the COVID-19 pandemic have not and may not further adversely affect the Company for it has no workforce and operations in the current reporting period that may negatively impact the Company's financial position, results of operations and cash flows. The degree to which the virus outbreak affects the Company's financial position and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

The management plans to provide continuous financial support to pay its debt as and when they fall due. At present, it is believed that the virus outbreak are non-adjusting subsequent events. Therefore, the statement of financial position as at December 31, 2020 and statement of profit or loss for the year ended December 31, 2020 have not been adjusted to reflect the impact of the pandemic. Although it is not certain that this effort will be successful, management has determined that the action that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
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SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
CITY HALL KING CHOW FOODS CORPORATION
Belej Bldg., San Pedro Street
Davao City, Philippines 8000

We have audited the financial statements of **CITY HALL KING CHOW FOODS CORPORATION** (the "Company") for the year ended December 31, 2020 on which we have rendered the attached report dated March 1, 2021.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the said Company has a total number of three (3) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)

By:

JUAN C. FRIVALDO
CPA Certificate No. 98229 (November 03, 2021)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

March 1, 2021
Davao City, Philippines

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)

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Email: thelmaciudadano@yahoo.com

STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
CITY HALL KING CHOW FOODS CORPORATION
Belej Bldg., San Pedro Street
Davao City, Philippines 8000

We, the appointed independent auditor of **CITY HALL KING CHOW FOODS CORPORATION** (the "Company"), do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 13 of the Notes to Financial Statements.

ELISES & CIUDADANO, CPAs
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (December 17, 2021)
SEC Accreditation No. 0375-F (January 7, 2022)
BSP BSFIs Category C (December 31, 2020)

By:

JUAN C. FRIVALDO
CPA Certificate No. 98229 (November 03, 2021)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

March 1, 2021
Davao City, Philippines

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-13, 20 26

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY THREE (23) page (s).

Verified by: dated APRIL-13 20 26

ISSUED TO: OGC

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "ZZZZZZZ"

Securities and Exchange Commission
PHILIPPINES

# COVER SHEET
for
SEC MC 28-2020

SEC Registration Number
CS 202067001

Company Name
GENCORP INDUSTRIES INC.

Principal Office (No./Street/Barangay/City/Town)Province)
PVL BLDG BOLTON ST
BOLTON STREET DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jb_jtcdvoacctg@yahoo.com	082-2245068	09327713142

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	07-Jun	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
GERLIE S. DELA CRUZ	jtc.accOuting@gmail.com	082-2245068	09165226537

Contact Person's Address
3F PVL BLDG, BOLTON ST, DAVAO CITY

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated

SECURITIES AND EXCHANGE COMMISSION
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Securities and Exchange Commission
PHILIPPINES

AUDITED FINANCIAL STATEMENTS

COMPANY PROFILE

Name: Gencorp Industries Inc.
SEC Registration Number: CS 202067001
Principal Office: 3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City, Davao del Sur, Region XI, Philippines 8000
Contact Number: 082-2245068
Contact Person: Gerlie S. Dela Cruz
Address: 3F PVL Bldg., Bolton St., Davao City
Contact Number: 082-2245068

GENCORP INDUSTRIES INC.
BOLTON ST., DAVAO CITY
Tax Identification Number: 777-616-088

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of GENCORP INDUSTRIES INC** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2021 and 2020. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2021 and 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of **GENCORP INDUSTRIES INC** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **GENCORP INDUSTRIES INC** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

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20 APR 2022
C. V. SISON
REVENUE DISTRICT NO. 113A
WEST, DAVAO CITY

KIMBERLY JUSTINE Y. CRUZ
Chairman of the Board

KIMBERLY JUSTINE Y. CRUZ
President & Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

Signed this 1st day of March, 2022

SUBSCRIBED and SWORN TO BEFORE ME THIS APR 12 2022
AT DAVAO CITY, PHILIPPINES, BY AFFIANT WHO EXHI
TO ME HIS/HER GOVERNMENT IDENTIFICATION CA

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PAGE No. 26
BOOK No. II
SERIES OF 2022

IRA R. CALATRAVA-VALENZUELA
Notary Public
Notarial Commission Serial no. 2021-013-2022
Roll of Attorneys No. 56363
IBP No. 167290 11/12/21 (for 2022)
PTR No. 5811227 12/23/21 DC (for 2022)

GENCORP INDUSTRIES INC
BOLTON ST., DAVAO CITY
Tax Identification Number: 777-616-088

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of GENCORP INDUSTRIES INC** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

JUAN C. FRIVALDO, CPA, MBA, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

KIMBERLY JUSTINE Y. CRUZ
Chairman of the Board

KIMBERLY JUSTINE Y. CRUZ
President & Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

RECEIVED
Bureau of Internal Revenue RR 19
20 APR 2022
C. V. SISON
REVENUE DISTRICT NO. 113A
WEST, DAVAO CITY

Signed this 1st day of March, 2022

SUBSCRIBED and SWORN TO BEFORE ME THIS APR 12 2022
AT DAVAO CITY, PHILIPPINES, BY AFFIANT WHO EXHIBITED
TO ME HIS/HER GOVERNMENT IDENTIFICATION CARD
______________ AS COMPETENT PROOF OF IDENTITY.

SECURITIES AND EXCHANGE COMMISSION
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DOC No. 04
PAGE No. 76
BOOK No. II

IRA C. CALATRAVA-VALENZUELA
Notary Public
Commission expires on December 31, 2022
Roll of Attorneys No. 56363
IBP No. 167280 11/12/21 (for 2022)
PTR No. 5811227 12/23/21 DC (for 2022)

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

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STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **GENCORP INDUSTRIES INC.** covering the period January 1, 2021 to December 31, 2021 that are herewith submitted to the Securities and Exchange Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make this representation in my individual capacity and as a partner in the accounting firm of **ELISES & CIUDADANO (A Professional Firm of Certified Public Accountants).**

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN 912-933-298
PTR No. 6356891 C (January3, 2022)

Davao City, Philippines
March 25, 2022

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REVENUE DISTRICT NO. 113A
WEST, DAVAO CITY

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
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INDEPENDENT AUDITOR'S REPORT

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

Opinion

We have audited the financial statements of **GENCORP INDUSTRIES INC.**, which comprise the statement of financial position as at December 31, 2021, and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **GENCORP INDUSTRIES INC.** as at December 31, 2021, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

We draw attention to Note 14 to the financial statements which indicates the impact of COVID-19 on the entity's financial performance and cash flows, and its ability to continue as a going concern. The management's plans in response to these events and circumstances are also discussed in Note 14 to the financial statements. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Such information is the responsibility of the management of **GENCORP INDUSTRIES INC**. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

Davao City, Philippines
March 25, 2022

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GENCORP INDUSTRIES INC.

STATEMENT OF FINANCIAL POSITION

	Note		As of December 31 2021
ASSETS			
CURRENT ASSETS			
Cash	3	Ps.	5,880,944
Inventory	4		704,407
Total Current Assets			**6,585,351**
NON-CURRENT ASSETS			
Property and equipment, net	5		480,505
Total Non-Current Assets			**480,505**
TOTAL ASSETS		Ps.	**7,065,856**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and nontrade payables	6	Ps.	6,550,000
Income tax payable	12		20,562
Total Current Liabilities			**6,570,562**
Total Liabilities			**6,570,562**
SHAREHOLDERS' EQUITY			
(Authorized share capital 50,000 shares @ P100 00 par value per share, P5,000,000)			
Subscribed and paid	7		312,500
Retained earnings	8		182,794
Total Shareholders' Equity			**495,294**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		Ps.	**7,065,856**

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GENCORP INDUSTRIES INC.

STATEMENT OF INCOME

	Note		Year Ended December 31 2021
Sales		Ps.	28,087,703
Cost of Sales	9		20,661,791
Gross Profit			7,425,912
Operating Expenses	10		7,197,420
Net Income before Tax			228,492
Provision for Income Tax	12		45,698
Net Income		Ps.	**182,794**

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GENCORP INDUSTRIES INC.

STATEMENT OF CASH FLOWS

		Year Ended December 31 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	Ps.	182,794
Adjustments for:		
Depreciation		1,841,000
Operating income before working capital changes		2,023,794
Decreases (increases) in:		
Inventory		(704,407)
Increases (decreases) in:		
Trade and nontrade payables		6,550,000
Income tax payable		20,562
Net Cash Provided In Operating Activities		**7,889,949**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets		(2,321,505)
Net Cash Used In Investing Activities		**(2,321,505)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscribed shares		312,500
Net Cash Provided In Financing Activities		**312,500**
NET INCREASE IN CASH		5,880,944
CASH BALANCE, BEGINNING		-
CASH BALANCE, END	Ps.	5,880,944

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GENCORP INDUSTRIES INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Year Ended December 31,2021

	Subscribed and Paid	Retained Earnings	Total
Balance at January 1, 2021	Ps. 312,500	-	Ps. 312,500
Net income		182,794	182,794
Balance at December 31, 2021	**Ps. 312,500**	**Ps. 182,794**	**Ps. 495,294**

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GENCORP INDUSTRIES INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - CORPORATE INFORMATION

Gencorp Industries Inc (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on September 23, 2020 to engage, operate and maintain restaurant, coffee shop, refreshment parlors, and cocktail lounges and cater foods. The registered business address of the Company is at PVL Bldg., Bolton-Rizal Streets, Davao City.

The financial statements were approved by the Board of Directors and authorized for issue on March 25, 2022.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

The significant accounting and financial reporting policies applied in the preparation of financial statements are set forth to facilitate the understanding of data presented in the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a.) Statement of Compliance and Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the "Framework") as approved by the Financial Reporting Standards Council, Board of Accountancy, and Securities and Exchange Commission (SEC). The principal accounting policies adopted in the preparation of these financial statements are set in this note.

The financial statements have been prepared using the measurement bases specified by the PFRS for SEs for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost convention and presented in Philippine peso, except otherwise stated, and are drawn up in accordance with the provisions of the PFRS for SEs.

b.) Financial Assets and Financial Liabilities

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basis financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and cash equivalents, trade and nontrade receivables borrowings, trade and nontrade payables. The Company does not have complex financial instruments.

Basic financial instruments

Initial measurement

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Company's debt financial instrument is subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at asset's original effective interest rate.

Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

c.) Cash

Cash included cash on hand and savings and demand deposits that are unrestricted and readily available for use in the Company's operations and generally earn interest based on daily bank deposit rates.

d.) Inventories

Inventories are assets which are held for sale in the ordinary course of business are recognized initially at cost. Subsequently, these are stated at the lower of cost and market value. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss. Market value is determined as the probable selling price to willing buyers as of reporting date. The Company makes an assessment of market value at each subsequent reporting date. A reversal of impairment is recognized when the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in market value. Any impairment reversal is recognized in profit or loss but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of inventories is recognized as an expense in the period in which the related revenue is recognized.

e.) Other current assets

Other current assets prepayments and deferred credits (such as excess MCIT, excess creditable withholding taxes, quarterly income tax).

f.) Property and equipment

Property and equipment are initially recognized at cost. Cost includes purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, plus expenditures that are directly attributable to brining the asset to its present location and condition necessary for it to be capable of operating in the manner intended by the management.

After initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected to arise from the continued use of the asset. When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income or expense in the statement of income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

g.) Impairment of non-financial assets

Assets that are subject to depreciation, are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is an indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, asses are grouped at the lowest levels for which they are separately identifiable as cash flows. The impairment loss shall be recognized in profit or loss.

Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. If the estimated recoverable amount of the asset exceeds its carrying amount, the carrying amount is increased to recoverable amount. The reversal of an impairment loss shall not increase the carrying amount of the asset above the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

h.) Trade and nontrade payables

Trade and nontrade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

These are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

i.) Employee benefits

Short-term benefits

Employee entitlements to salaries and wages, annual vacation, and other benefits are recognized when they are accrued to employees. Annual vacation and other leaves have been calculated on an actual entitlement basis at current rates of pay. Unpaid benefits at the end of the reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments.

Post-employment obligations

The Company maintains a defined contribution plan for its regular employees. Under the plan, the Company pays a fixed contribution to a publicly administered pension entity. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets/fund to pay all employees the benefits relating to employee service in the current and prior periods. However, Management has set up yearly appropriation based on certain percentage of net profit after tax to take care of future deficit. The contributions are recognized as employee benefit expense when they are due.

The Company employs less than ten (10) employees and, therefore, is not covered under Republic Act (RA) No. 7641 (The Philippine Retirement Pay Law), which provides for defined benefit minimum guarantee equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service. The benefits due under RA [illegible] plan under PAS 19 (Revised), "Employee Benefits".

j.) Equity instrument

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on present value basis.

Share capital and share premium

Share capital is measured at par value for all shares issued. Any amount received by the Company in excess of par value of its shares is credited to share premium. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings consist of accumulated profits less any amounts distributed to the shareholders.

Cash dividend distribution

Cash dividends to shareholders are recognized as a liability and deducted from equity when approved by the Company's Board of Directors.

k.) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company concluded that it is acting as a principal in all its revenue arrangements.

PFRS 15, 'Revenue From Contracts with Customers', establishes five-step model (identify the contract, identify separate performance obligations, determine the transaction price, allocate transaction price to performance obligations and recognize revenue as or when each performance obligation is satisfied) to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also requires the Company to exercise judgement facts and circumstances when applying each step of the model and specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to a fulfilling a contract.

Revenue comprises the fair value of the consideration received for the sale of goods in the ordinary course of the Company's activities.

The Company recognizes revenue when it is probable that future economic benefits will flow to the Company, the amount of revenue can be reliably measured and specific criteria have been met for each of the Company's activities.

l.) Expense recognition

Expenses are recognized in the statement of income upon utilization of goods and services or at the date such expenses are incurred, determined a.) on the basis of direct association between the expenses incurred and the earning of specific items of revenue; b.) on the basis of systematic and rational allocation produces when economic benefits are expected to arise over several reporting periods and association can only be broadly or indirectly determined; or, c.) immediately when expenditure procedures no future economic benefits or when, and to the extent that future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial statement position as an asset.

m.) Leases – Company as lessee

The Company shall recognize all lease payments as expense in the statements of income in the period in which they are incurred.

n.) Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

Current Tax

The tax currently payable is based on taxable income for the year. Taxable income differs from the profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the end of the reporting period.

Deferred Income Tax

Deferred income tax is provided using the balance sheet-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the temporary differences (principally relating to provisions for receivable impairment and unearned interest and discounts) between financial reporting bases of assets and liabilities and their related tax bases.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The rates enacted at the end of the reporting period are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability.

Current and Deferred Tax for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items recognized in profit or loss or directly in equity. In this case, the tax is also recognized in profit or loss or directly in equity, respectively.

The Company establishes liabilities for probable and estimable assessments by the Bureau of Internal revenue (BIR) resulting from any known tax exposures. Estimates represent a reasonable provision for taxes ultimately expected to be paid and may need to be adjusted over time as more information becomes available.

o.) Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

In those cases, where the possible outflow of economic resource as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that the developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

p.) Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

q.) Rounding of Amounts

All amount disclosed in the financial statements and notes have been rounded off to the nearest peso, unless otherwise indicated.

r.) Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

s.) Comparatives

Where necessary, comparative figures have been reclassified as required by relevant standards.

NOTE 3 - CASH

This account consists of:

	December 31 2021
Cash on hand	200,000
Cash in bank	5,680,944
TOTAL	**5,880,944**

Cash in banks generally earn interest at rates based on daily bank deposit rates.

NOTE 4 – INVENTORIES

This account consists of:

	December 31 2021
Food supplies and paper	596,708
Others	107,699
TOTAL	**704,407**

All inventories are stated of cost, which is lower than its estimated selling price less costs to complete and sell.

The cost of inventories recognized as expense amounted to P11,134,097 as at December 31, 2021, and is presented as cost of sales in the statements of income (see note 9).

NOTE 5 – PROPERTY AND EQUIPMENT (NET)

The reconciliation this account is as follows:

2021	Leasehold improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2021	[illegible]	[illegible]	[illegible]	[illegible]
Additions	[illegible]	[illegible]	[illegible]	[illegible]
December 31, 2021	[illegible]	[illegible]	[illegible]	2,321,505
Accumulated depreciation				
January 1, 2021				
Depreciation	941,000	680,000	[illegible]	1,841,000
December 31, 2021	941,000	[illegible]	[illegible]	1,841,000
Net book value	**109,000**	**260,000**	**111,505**	**480,505**

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Depreciation charged to cost of sales amounted to P1,841,000 as at December 31, 2021. (see note 9)

NOTE 6 – TRADE AND NONTRADE PAYABLES

This account consists of:

	December 31 2021
Accounts payables	6,488,100
SSS, HDMF, PHIC and withholding taxes payable	36,400
Accrued expenses	25,500
TOTAL	**6,550,000**

Accounts payable represents the amount owed to various suppliers on the Company's purchases of raw materials. The average credit period on these payables is less than 1 year.

SSS, HDMF, PHIC and withholding taxes payable are due to government agencies.

NOTE 7 – SHARE CAPITAL

	2021	
	Shares	Amount
Authorized capital share – P100 par value per share	50,000	5,000,000
Issued and subscribed	3,125	312,500
Treasury shares	-	-
Issued, subscribed and outstanding	**3,125**	**312,500**

Analysis of share capital is shown below:

	Subscribed	Outstanding shares	Treasury shares	Net
Balance at December 31, 2021	3,125	3,125	-	3,125

The Company is not exposed to externally imposed capital requirement.

NOTE 8 – RETAINED EARNINGS

This account consists of:

	December 31 2021
Unappropriated retained earnings at beginning of year	
Net loss	182,794
Unappropriated retained earnings at end of year	182,794
Appropriated retained earnings at end of year	-
BALANCE AT END OF YEAR	**182,794**

Under the Philippine Corporation Code, stock corporations are prohibited from retaining surplus profits in excess of their paid-up capital stock except when justified by any of the reasons mentioned in the Code.

As at December 31, 2021, the Company's retained earnings were not in excess of the paid-up capital.

NOTE 9 – COST OF SALES

This account consists of:

	December 31 2021
Food and paper	11,134,097
Salaries and Wages	3,103,637
Depreciation (see note 5)	1,841,000
Light and power	887,443
Supplies	3,208,770
SSS, PHIC, & ECC	218,445
Repairs and maintenance	268,399
TOTAL	**20,661,791**

Details of food supplies, processed inventories, packaging, paper and novelties cost follow:

	December 31 2021
Inventory, January 1	-
Purchases	11,838,504
Inventory, December 31	(704,407)
TOTAL	**11,134,097**

NOTE 10 – OPERATING EXPENSES

This account consists of:

	December 31 2021
Royalties	2,404,442
Advertising and promotions	1,098,012
Security services	150,000
Taxes and licenses (see note 13)	305,000
Transportation and travel	206,500
Representation and seminars	340,426
Insurance	60,579
Rentals (see note 11)	2,639,646
Senior citizen discount	262,815
TOTAL	**7,197,420**

NOTE 11 – OPERATING LEASE AGREEMENTS

The Company leases a commercial space under a long-term lease of 10 years commencing on August 1, 2031. The lease is subject to rent reviews after 10 years. The lease is subject to renewal for another period under the same terms and conditions, subject to the payment of a reasonable monthly rental rate mutually agreed upon by the parties. Monthly rent is also subject to 10% escalation every year.

The minimum lease payments under operating leases recognized as expense during the year amounted to Php 2,369,646.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

	2021
No later than 1 year	2,396,646
Later than 1 year and no later than 5 years	11,848,230
Later than 5 years	9,478,584

NOTE 12 – INCOME TAXES

On March 26, 2021, the President signed into law the "Corporate Recovery and Tax Incentives for Enterprise Act" or CREATE which seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making it time-bound, targeted and performance based.

Corporate income tax of domestic corporations shall either be 20% or 25%. The 20% rate applies to domestic corporations with a net taxable income not exceeding P5 million AND with total assets not exceeding P100 million. In computing the total assets, the value of the land where the office, plant and equipment are situated during the taxable year is to be excluded.

All other domestic corporations are subject to the 25% corporate income tax rate. Also, MCIT for both domestic and resident foreign corporations have been decreased to 1%.

Section 09 of the Revenue Regulation No 5-2021 provides the mandated rates to be used during the transition period. The current and deferred taxes for financial reporting purposes as of December 31, 2021 are measured using the RCIT/MCIT rate as of December 31, 2021.

The provision for income tax for the years ended December 31 follows:

	December 31
	2021
Current	45,698
INCOME TAX EXPENSE	45,698

The reconciliation of provision for income tax computed at statutory income tax rate to the provision for income tax shown in the statement of income for the current year as follows:

	2021
Income before income taxes	228,492
Add (deduct): Reconciling items	-
Taxable income	228,492
Statutory rate	20%
Total provision for income tax	45,698
Minimum corporate income tax*:	
Gross income	7,425,912
MCIT rate	1%
Minimum corporate income tax	74,259

*applicable only beginning the fourth taxable year immediately following the taxable year the corporation commenced its business operations.

Income tax due (RCIT or MCIT, whichever is higher)	[illegible]
Less: Income tax credits	
Quarterly income tax payments	25,136
Creditable taxes at source	-
INCOME TAX PAYABLE	20,562

NOTE 13 – SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE (BIR)

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

Output value-added tax (VAT)

The amount of output VAT declared during the year ended Julyr 31 follow:

	2021
Gross sales of goods	28,087,703
Less: VAT exempt sales	1,314,075
Net-vatable sale of goods	26,773,628
Output VAT, July 31	3,212,835

Input value-added tax (VAT)

The amount of input VAT claimed during the year ended July 31 follow:

	2021
Input VAT, January 1	-
Add: Current year's domestic purchases/payments	
Goods for resale or further processing	1,336,092
Goods other than for resale	1,788,908
Total Input reported in VAT returns	3,125,000
Input VAT, July 31	

All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

	2021
Business taxes, licenses and permits	293,500
Community tax certificate	10,500
Other taxes and licenses	1,000
Total other taxes and licenses paid for the year	305,000

Withholding taxes

The amount of withholding taxes paid during the year ended July 31 follow:

	2021
Tax on compensation and benefits	-
Creditable withholding taxes	434,418
Final withholding taxes	480,888
Total withholding taxes for during the year	915,306

Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the year ended December 31, 2021.

Excise tax

The Company has no productions of goods for domestic sales or importation subject to excise taxes for the year ended December 31, 2021. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the year ended December 31, 2021.

Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

NOTE 14 – OTHER MATTERS

Impact of COVID-19 pandemic

A novel coronavirus outbreak was first identified in Wuhan, Hubei Province, China, in December 2019. On February 11, 2020, the World Health Organization proclaimed an official name for the disease as COVID-19. The COVID-19 coronavirus pandemic has rapidly spread throughout the world in 2020. The President of the Philippines issued a state of calamity throughout the Philippine archipelago due to the COVID-19 pandemic and addresses this issue to contain the spread of the virus by the imposition of community quarantines, social distancing, suspension of classes, restriction of mass public transport system, suspension of land, domestic air and domestic sea travel to and from different cities and provinces, and closure of non-essential services, among others.

The various measures imposed by the Philippine government and those that will be additionally implemented as a result of the COVID-19 pandemic have but may not further adversely affect the Company's financial position, results of operations and cash flows in the current reporting period. The degree to which the virus outbreak affects the Company's financial position and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

The management plans to provide continuous financial support to pay its debt as and when they fall due. At present, it is believed that the virus outbreak are non-adjusting subsequent events. Therefore, the statement of financial position as at December 31, 2021 and statement of income for the year ended December 31, 2021 have not been adjusted to reflect the impact of the pandemic. Although it is not certain that this effort will be successful, management has determined that the action that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

GENCORP INDUSTRIES INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

		December 31 2 0 2 1
UNAPPROPRIATED RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION, BEGINNING	Ps.	-
NET INCOME ACTUALLY EARNED / REALIZED DURING THE PERIOD		
Reacquisition of shares		-
Net income during the period closed to retained earnings		182,794
Non-actual/Unrealized income of tax		
Equity in income of associate/joint venture		-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents		-
Changes in revaluation increment earned through additional depreciation charge		-
Deferred income tax pertaining to property sold		-
Unrealized actuarial gain		-
Fair value adjustment (M2M gains)		-
Fair value adjustment of property resulting to gain		-
Adjustment due to deviation from PFRS / GAAP gain		-
Other unrealized gains or adjustment to the retained earnings as a result of certain transactions accounted for under PFRS		-
Total Non-Actual/Unrealized Income Net of Tax		182,794
Non-actual losses		
Depreciation on revaluation increment (after tax)		-
Adjustment due to deviation from PFRS / GAAP - loss		-
Loss on fair value adjustment of investment property (after tax)		-
Net income actually earned during the period		182,794
TOTAL UNAPPROPRIATED RETAINED EARNINGS		182,794
Dividend declarations during the period		-
Appropriations of retained earnings during the period		-
Reversals of appropriations		-
Effects of prior period adjustments		-
Treasury shares		-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDENDS	Ps.	182,794
Appropriated per financial statements	Ps.	-
Less appropriation for dividends		
Adjusted appropriated retained earnings		-
Unappropriated per financial statements		182,794
Add appropriation for dividends		
Adjusted unappropriated retained earnings available for dividends		182,794
TOTAL RETAINED EARNINGS PER FINANCIAL STATEMENTS	Ps.	182,794

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

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Davao City, Philippines

Telephone: (082) 282-2362
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

We have audited the financial statements of **GENCORP INDUSTRIES INC.** (the "Company") for the year ended December 31, 2021, on which we have rendered the attached report dated March 25, 2022.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the said Company has a total number of six (6) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

Davao City, Philippines
March 25, 2022

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Telephone: (082) 282-2952
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STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

We, the appointed independent auditor of **GENCORP INDUSTRIES INC.** (the "Company"), do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 13 of the Notes to Financial Statements.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2019 (December 18, 2022)
TIN: 912-933-298
PTR No. 5030018 C (January 8, 2021)

Davao City, Philippines
March 25, 2022

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY EIGHT (28) page (s).

Verified by: ________ dated APRIL-10, 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX “AAAAAAAA”

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS 202067001

Company Name

G E N C O R P   I N D U S T R I E S   I N C

Principal Office (No./Street/Barangay/City/Town)Province)

P V L   B L D G   B O L T O N   S T R E E T

D A V A O   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S	N A	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jb_itcdvoacctg@yahoo.com	082-2245068	09776580873

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	1st Monday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gerlie S. Dela Cruz	jtc.acc0unting@gmail.com	082-2245068	09165226537

Contact Person's Address

3F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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Hi GENCORP INDUSTRIES INC.,

Valid files

- EAFS777616088ITRTY122022.pdf
- EAFS777616088AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-BLLJLCCF08GAD9JB5PYVV3SMR0CCH5996B**
Submission Date/Time: **Apr 25, 2023 04:41 PM**
Company TIN: **777-616-088**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify t

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge a
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verifi
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the even purpose.

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GENCORP INDUSTRIES INC.
BOLTON ST., DAVAO CITY
Tax Identification Number: 777-616-088

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of GENCORP INDUSTRIES INC** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2022 and 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2022 and 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of **GENCORP INDUSTRIES INC** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **GENCORP INDUSTRIES INC** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

KIMBERLY JUSTINE Y. CRUZ
Chairman of the Board

KIMBERLY JUSTINE Y. CRUZ
President & Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

Signed this ________ day of ________, 2023

SUBSCRIBED AND SWORN to before me this 1 3 APR 2023 at Davao City Philippines [illegible] above who [illegible] to me or exhibited [illegible] evidence of identity [illegible] and signature first written [illegible] name.

ATTY. RALPH JAMES G. LAMAN
Notary Public for Davao City
until December 31, 2023
PTR No. 7724071 - 12-19-2022

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Page No. [illegible]
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Series of [illegible]

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GENCORP INDUSTRIES INC
BOLTON ST., DAVAO CITY
Tax Identification Number: 777-616-098

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of GENCORP INDUSTRIES INC** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

JUAN C. FRIVALDO, CPA, MBA, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

KIMBERLY JUSTINE Y. CRUZ
Chairman of the Board

KIMBERLY JUSTINE Y. CRUZ
President & Chief Executive Officer

RICCI EVETTE L. CRUZ
Chief Financial Officer

Signed this ________ day of ________, 2023

1 3 APR 2023

[illegible] before me this ________ at Davao City Philippines, [illegible] affiant who [illegible] to me or exhibited [illegible] evidence of identity [illegible] and signature first [illegible] name.

ATTY. RALPH JAMES G. LAMAN
Notary Public for Davao City
until December 31, 2023
Commission Serial No. 2022-069-2023
Issued on April 12, 2022
Roll No. 62810
[illegible]
Issued on April 05, 2022 at Pasig City, Philippines

Doc No. 97
Page No. 03
Book No. 24
Series of 2023

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"Dedicated to Excellence and Quality Service"

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

Opinion

We have audited the financial statements of **GENCORP INDUSTRIES INC.**, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of income, statements of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **GENCORP INDUSTRIES INC.** as at December 31, 2022 and 2021, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

We draw attention to Note 14 to the financial statements which indicates the impact of COVID-19 on the entity's financial performance and cash flows, and its ability to continue as a going concern. The management's plans in response to these events and circumstances are also discussed in Note 14 to the financial statements. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Such information is the responsibility of the management of **GENCORP INDUSTRIES INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Elises & Ciudadano
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BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 7872922C (January 5, 2023)

March 28, 2023
Davao City, Philippines

E&C Elises & Ciudadano
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Davao City, Philippines

Telephone: (082) 282-2862
Fax (6382) 221-3598
Email: thelmaciudadano@yahoo.com

STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **GENCORP INDUSTRIES INC.** covering the period January 1, 2022 to December 31, 2022 that are herewith submitted to the Securities and Exchange Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy, in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make this representation in my individual capacity and as a partner in the accounting firm of **ELISES & CIUDADANO (A Professional Firm of Certified Public Accountants)**.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 16, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98220 (February 18, 1998)
BIR AN 19-007743-001-2022 (December 16, 2025)
TIN: 912-933-298
PTR No. 7872822C (January 5, 2023)

March 28, 2023
Davao City, Philippines

GENCORP INDUSTRIES INC.

STATEMENTS OF FINANCIAL POSITION

		As of December 31			
	Notes	2022		2021	
ASSETS					
CURRENT ASSETS					
Cash	3	Ps.	1,808,342	Ps.	5,880,944
Trade and nontrade receivables	4		5,000,764		-
Inventory	5		3,737,311		704,407
Prepayments	6		170,290		-
Total Current Assets			**10,716,707**		**6,585,351**
NON-CURRENT ASSETS					
Property and equipment, net	7		33,061,999		480,505
Deferred tax asset	15		345,322		-
Total Non-Current Assets			**33,407,321**		**480,505**
TOTAL ASSETS		**Ps.**	**44,124,028**	**Ps.**	**7,065,856**
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and nontrade payables	8	Ps.	38,874,912	Ps.	6,550,000
Income tax payable	15		258,620		20,562
Total Current Liabilities			**39,133,532**		**6,570,562**
NON-CURRENT LIABILITIES					
Retirement benefits obligation	9		1,726,610		-
Total Non-Current Liabilities			**1,726,610**		**-**
Total Liabilities			**40,860,142**		**6,570,562**
SHAREHOLDERS' EQUITY					
(Authorized share capital 50,000 shares @ P100.00 par value per share, P5,000,000)					
Subscribed and paid	10		1,250,000		312,500
Retained earnings	11		2,013,886		182,794
Total Shareholders' Equity			**3,263,886**		**495,294**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**Ps.**	**44,124,028**	**Ps.**	**7,065,856**

GENCORP INDUSTRIES INC.

STATEMENTS OF INCOME

	Notes	Years Ended December 31 2022	2021
Revenues		Ps. 300,023,052	Ps. 28,087,703
Cost of Services	12	233,004,705	20,661,791
Gross Profit		67,018,347	7,425,912
Operating Expenses	13	64,729,481	7,197,420
Net Income before Tax		2,288,866	228,492
Provision for Income Tax			
Current	15	803,095	45,698
Deferred	15	(345,322)	-
Net Income		**Ps. 1,831,093**	**Ps. 182,794**

GENCORP INDUSTRIES INC.

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
		2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	Ps.	1,831,093	Ps.	182,794
Adjustments for:				
Depreciation		7,973,755		1,841,000
Operating income before working capital changes		9,804,848		2,023,794
Decreases (increases) in:				
Trade and nontrade receivables		(5,000,764)		-
Inventory		(3,032,904)		(704,407)
Prepayments		(170,290)		
Deferred tax asset		(345,322)		-
Increases (decreases) in:				-
Trade and nontrade payables		32,324,912		6,550,000
Income tax payable		238,058		20,562
Employee benefits obligation		1,726,610		-
Net Cash Provided In Operating Activities		**35,545,148**		**7,889,949**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of fixed assets		(40,555,249)		(2,321,505)
Net Cash Used In Investing Activities		**(40,555,249)**		**(2,321,505)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from subscribed shares		937,500		312,500
Net Cash Provided In Financing Activities		**937,500**		**312,500**
NET INCREASE (DECREASE) IN CASH		(4,072,601)		5,880,944
CASH BALANCE, BEGINNING		5,880,944		-
CASH BALANCE, END	**Ps.**	**1,808,342**	**Ps.**	**5,880,944**

GENCORP INDUSTRIES INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31,2022 and 2021

		Subscribed and Paid		Retained Earnings		Total
Balance at January 1, 2021	Ps.	312,500		-	Ps.	312,500
Net income				182,794		182,794
Balance at December 31, 2021	**Ps.**	**312,500**	**Ps.**	**182,794**	**Ps.**	**495,294**
Balance at January 1, 2022	Ps.	312,500	Ps.	182,794	Ps.	495,294
Additional issuance of shares		937,500				937,500
Net income				1,831,093		1,831,093
Balance at December 31, 2022	**Ps.**	**1,250,000**	**Ps.**	**2,013,886**	**Ps.**	**3,263,886**

GENCORP INDUSTRIES INC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - CORPORATE INFORMATION

Gencorp Industries Inc (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on September 23, 2020 to engage, operate and maintain restaurant, coffee shop, refreshment parlors, and cocktail lounges and cater foods. The registered business address of the Company is at PVL Bldg., Bolton-Rizal Streets, Davao City.

The financial statements were approved by the Board of Directors and authorized for issue on March 28, 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

The significant accounting and financial reporting policies applied in the preparation of financial statements are set forth to facilitate the understanding of data presented in the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a.) Statement of Compliance and Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the "Framework") as approved by the Financial Reporting Standards Council, Board of Accountancy, and Securities and Exchange Commission (SEC). The principal accounting policies adopted in the preparation of these financial statements are set in this note.

The financial statements have been prepared using the measurement bases specified by the PFRS for SEs for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost convention and presented in Philippine peso, except otherwise stated, and are drawn up in accordance with the provisions of the PFRS for SEs.

b.) Financial Assets and Financial Liabilities

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basis financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and cash equivalents, trade and nontrade receivables borrowings, trade and nontrade payables. The Company does not have complex financial instruments.

Basic financial instruments

Initial measurement

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Company's debt financial instrument is subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at asset's original effective interest rate.

Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

c.) Cash

Cash included cash on hand and savings and demand deposits that are unrestricted and readily available for use in the Company's operations and generally earn interest based on daily bank deposit rates.

d.) Trade and nontrade receivables

Trade and nontrade receivables are recognized initially at the transaction price plus transaction cost. They are subsequently measured at amortized cost using the effective interest method less allowance for impairment losses. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and nontrade receivables expected to be realized within one year after the reporting date or within the Company's normal operating cycle are classified as current assets in the statement of financial position. Otherwise, these are classified as noncurrent assets.

These are derecognized when the rights to receive cash flows from the receivables have expired, or if the Company has transferred its rights to receive cash flows from the receivables.

e.) Inventories

Inventories are assets which are held for sale in the ordinary course of business are recognized initially at cost. Subsequently, these are stated at the lower of cost and market value. Cost is determined using the first-in, first-out (FIFO) method.

Costs are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss. Market value is determined as the probable selling price to willing buyers as of reporting date. The Company makes an assessment of market value at each subsequent reporting date. A reversal of impairment is recognized when the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in market value. Any impairment reversal is recognized in profit or loss, but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of inventories is recognized as an expense in the period in which the related revenue is recognized.

f.) Prepayments

Prepayments are expenses paid in cash and recorded as assets before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption. Prepayments includes insurance, rent, repairs, supplies, and the like.

g.) Other current assets

Other current assets include the current portion of deposits on leasehold, franchise fee payments, and deferred credits (such as excess MCIT, excess creditable withholding taxes, quarterly income tax).

h.) Property and equipment

Property and equipment are initially recognized at cost. Cost includes purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, plus expenditures that are directly attributable to brining the asset to its present location and condition necessary for it to be capable of operating in the manner intended by the management.

After initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights and improvements	3 – 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected to arise from the continued use of the asset. When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income or expense in the statement of income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

i.) Impairment of non-financial assets

Assets that are subject to depreciation, are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is an indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, asses are grouped at the lowest levels for which they are separately identifiable as cash flows. The impairment loss shall be recognized in profit or loss.

Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. If the estimated recoverable amount of the asset exceeds its carrying amount, the carrying amount is increased to recoverable amount. The reversal of an impairment loss shall not increase the carrying amount of

the asset above the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j.) Trade and nontrade payables

Trade and nontrade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

The Company's trade and nontrade payables include accounts payable, advances from customers, due to government agencies, accrued interest and accrued expenses.

These are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

k.) Employee benefits

Short-term benefits

Employee entitlements to salaries and wages, annual vacation, and other benefits are recognized when they are accrued to employees. Annual vacation and other leaves have been calculated on an actual entitlement basis at current rates of pay. Unpaid benefits at the end of the reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments.

Post-employment obligations

The Company maintains a defined contribution plan for its regular employees. Under the plan, the Company pays a fixed contribution to a publicly administered pension entity. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets/fund to pay all employees the benefits relating to employee service in the current and prior periods. However, Management has set up yearly appropriation based on certain percentage of net profit after tax to take care of future deficit. The contributions are recognized as employee benefit expense when they are due.

The Company's cost and obligation to make long-service payments to employees are recognized during the employee's periods of service. The cost and obligation were not measured using the project unit credit method.

The liability recognized in the statement of financial position was determined in accordance with Republic Act No. 7641. The Company uses the allowed simplification under PFRS for SEs in computing the Company's defined benefit obligation as the application of projected unit credit method in computing the defined benefit obligation will cause undue cost or effort on the part of the Company.

l.) Equity instrument

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on present value basis.

Share capital and share premium

Share capital is measured at par value for all shares issued. Any amount received by the Company in excess of par value of its shares is credited to share premium. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings consist of accumulated profits less any amounts distributed to the shareholders.

Cash dividend distribution

Cash dividends to shareholders are recognized as a liability and deducted from equity when approved by the Company's Board of Directors.

m.) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company concluded that it is acting as a principal in all its revenue arrangements.

PFRS 15, 'Revenue From Contracts with Customers', establishes five-step model (identify the contract, identify separate performance obligations, determine the transaction price, allocate transaction price to performance obligations and recognize revenue as or when each performance obligation is satisfied) to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also requires the Company to exercise judgement facts and circumstances when applying each step of the model and specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to a fulfilling a contract.

Revenue comprises the fair value of the consideration received for the sale of goods in the ordinary course of the Company's activities.

The Company recognizes revenue when it is probable that future economic benefits will flow to the Company, the amount of revenue can be reliably measured and specific criteria have been met for each of the Company's activities.

n.) Expense recognition

Expenses are recognized in the statement of income upon utilization of goods and services or at the date such expenses are incurred, determined a.) on the basis of direct association between the expenses incurred and the earning of specific items of revenue; b.) on the basis of systematic and rational allocation produces when economic benefits are expected to arise over several reporting periods and association can only be broadly or indirectly determined; or, c.) immediately when expenditure procedures no future economic benefits or when, and to the extent that future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial statement position as an asset.

o.) Leases – Company as lessee

The Company shall recognize all lease payments as expense in the statements of income in the period in which they are incurred.

p.) Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

Current Tax

The tax currently payable is based on taxable income for the year. Taxable income differs from the profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the end of the reporting period.

Deferred Income Tax

Deferred income tax is provided using the balance sheet-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the temporary differences (principally relating to provisions for receivable impairment and unearned interest and discounts) between financial reporting bases of assets and liabilities and their related tax bases.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The rates enacted at the end of the reporting period are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability.

Current and Deferred Tax for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items recognized in profit or loss or directly in equity. In this case, the tax is also recognized in profit or loss or directly in equity, respectively.

The Company establishes liabilities for probable and estimable assessments by the Bureau of Internal revenue (BIR) resulting from any known tax exposures. Estimates represent a reasonable provision for taxes ultimately expected to be paid and may need to be adjusted over time as more information becomes available.

q.) Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

In those cases, where the possible outflow of economic resource as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that the developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

r.) Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

s.) Rounding of Amounts

All amount disclosed in the financial statements and notes have been rounded off to the nearest peso, unless otherwise indicated.

t.) Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

u.) Comparatives

Where necessary, comparative figures have been reclassified as required by relevant standards.

NOTE 3 - CASH

This account consists of:

	December 31	
	2022	**2021**
Cash on hand	500,000	200,000
Cash in bank	1,308,342	5,680,944
TOTAL	**1,808,342**	**5,880,944**

Cash in banks generally earn interest at rates based on daily bank deposit rates.

NOTE 4 – TRADE AND NONTRADE RECEIVABLES

This account consists of:

	December 31	
	2022	**2021**
Accounts receivable	5,000,764	-
TOTAL	**5,000,764**	**-**

Accounts receivables are usually settled less than 1 year after billing date and are non-interest bearing.

NOTE 5 – INVENTORIES

This account consists of:

	December 31	
	2022	**2021**
Food supplies and paper	3,444,065	596,708
Others	293,246	107,699
TOTAL	**3,737,311**	**704,407**

All inventories are stated of cost, which is lower than its estimated selling price less costs to complete and sell.

The cost of inventories recognized as expense amounted to P151,089,669 and P11,134,097 as at December 31, 2022 and 2021 respectively, and is presented as Cost of Sales in the statements of income (see note 12).

NOTE 6 – PREPAYMENTS

This account consists of:

	December 31	
	2022	**2021**
Prepaid store supplies	170,290	-
TOTAL	**170,290**	**-**

NOTE 7 – PROPERTY AND EQUIPMENT (NET)

The reconciliation this account is as follows:

2022

	Leasehold improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2022	1,050,000.00	950,000.00	321,505.00	2,321,505.00
Additions	10,000,000.00	25,259,820.00	5,295,429.00	40,555,249.00
December 31, 2022	11,050,000.00	26,209,820.00	5,616,934.00	42,876,754.00
Accumulated depreciation				
January 1, 2022	941,000.00	690,000.00	210,000.00	1,841,000.00
Depreciation	1,109,000.00	6,311,964.00	552,790.75	7,973,754.75
December 31, 2022	2,050,000.00	7,001,964.00	762,790.75	9,814,754.75
Net book value	**9,000,000.00**	**19,207,856.00**	**4,854,143.25**	**33,061,999.25**

2021

	Leasehold improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2021	-	-	-	-
Additions	1,050,000.00	950,000.00	321,505.00	2,321,505.00
December 31, 2021	1,050,000.00	950,000.00	321,505.00	2,321,505.00
Accumulated depreciation				
January 1, 2021	-	-	-	-
Depreciation	941,000.00	690,000.00	210,000.00	1,841,000.00
December 31, 2021	941,000.00	690,000.00	210,000.00	1,841,000.00
Net book value	**109,000.00**	**260,000.00**	**111,505.00**	**480,505.00**

Depreciation charged to cost of goods sold amounted to P 7,973,755 and P1,841,000 for the years ended December 31, 2022 and 2021, respectively. (see note 12)

NOTE 8 – TRADE AND NONTRADE PAYABLES

This account consists of:

	December 31	
	2022	**2021**
Accounts payables	37,601,784	6,488,100
SSS, HDMF, PHIC and withholding taxes payable	107,733	36,400
Accrued expenses	1,165,395	25,500
TOTAL	**38,874,912**	**6,550,000**

Accounts payable represents the amount owed to various suppliers on the Company's purchases of raw materials. The average credit period on these payables is less than 1 year.

SSS, HDMF, PHIC and withholding taxes payable are due to government agencies.

NOTE 9 – RETIREMENT BENEFITS OBLIGATION

The movements in the retirement benefits liability during the year follow:

	December 31	
	2022	**2021**
Balance at beginning of year		

Retirement benefits	1,726,610	
BALANCE AT END OF YEAR	**1,726,610**	**-**

The Company's retirement benefits are computed using a simplified computation to comply with RA No. 7641 (Retirement Law). The projected unit credit method was not used to determine the current service cost for the year and the past service liability and no actuarial valuations were made for prior years.

The Company believes that an annual provision of retirement benefits is sufficient to cover its retirement benefits obligation. The management believes that the difference, if any, against the amount to be derived based on actuarial valuation would not be significant.

Total retirement benefits amounted to P1,726,610 and P 0 for the years ended December 31, 2022 and 2021 and are presented under operating expenses in the statements of income (see note 13).

NOTE 10 – SHARE CAPITAL

	2022		2021	
	Shares	Amount	Shares	Amount
Authorized capital share – P100 par value per share	50,000	5,000,000	50,000	5,000,000
Issued and subscribed	12,500	1,250,000	3,125	312,500
Treasury shares			-	-
Issued, subscribed and outstanding	**12,500**	**1,250,000**	**3,125**	**312,500**

Analysis of share capital is shown below:

	Subscribed	Outstanding shares	Treasury shares	Net
Balance at December 31, 2022	12,500	-	-	-
Balance at December 31, 2021	3,125	3,125	-	3,125

The Company is not exposed to externally imposed capital requirement.

NOTE 11 – RETAINED EARNINGS

This account consists of:

	December 31	
	2022	**2021**
Unappropriated retained earnings at beginning of year	182,794	-
Net Income	1,831,093	182,794
Unappropriated retained earnings at end of year	2,013,886	182,794
Appropriated retained earnings at end of year	-	-
BALANCE AT END OF YEAR	**2,013,886**	**182,794**

Under the Philippine Corporation Code, stock corporations are prohibited from retaining surplus profits in excess of their paid-up capital stock except when justified by any of the reasons mentioned in the Code.

NOTE 12 – COST OF SERVICES

This account consists of:

	December 31	
	2022	2021
Food and paper	151,089,669	11,134,097
Salaries and Wages	45,685,091	3,103,637
Depreciation (see note 7)	7,973,755	1,841,000
Light and water	12,144,707	887,443
Supplies	6,916,325	3,208,770
SSS, PHIC, & ECC	-	218,445
Repairs and Maintenance	2,876,341	268,399
Miscellaneous	6,318,817	-
TOTAL	**233,004,705**	**20,661,791**

Details of food supplies, processed inventories, packaging, paper and novelties cost follow:

	December 31	
	2022	2021
Inventory, January 1	11,134,097	-
Purchases	143,692,883	11,838,504
Inventory, December 31	(3,737,311)	(704,407)
TOTAL	**151,089,669**	**11,134,097**

NOTE 13 – OPERATING EXPENSES

This account consists of:

	December 31	
	2022	2021
Royalties	26,562,687	2,404,442
Employee retirement benefits (see note 15)	1,726,610	-
Advertising and promotions	9,739,218	1,098,012
Security services	1,137,734	150,000
Taxes and licenses (see note 16)	1,139,808	305,000
Transportation and travel	504,508	206,500
Representation and seminars	437,490	340,426
Communication and postage	228,367	
Insurance	170,290	60,579
Rentals (see note 14)	18,501,022	2,369,646
Senior Citizen Discount	4,581,747	262,815
TOTAL	**64,729,481**	**7,197,420**

NOTE 14 – OPERATING LEASE AGREEMENTS

The Company leases a commercial space under a long-term lease of 10 years commencing on August 1, 2031. The lease is subject to rent reviews after 10 years. The lease is subject to renewal for another period under the same terms and conditions, subject to the payment of a reasonable monthly rental rate mutually agreed upon by the parties. Monthly rent is also subject to 10% escalation every year.

The minimum lease payments under operating leases recognized as expense during the year amounted to P18,501,022 versus last year P2,369,646.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

	December 31 2022	December 31 2021
No later than 1 year	18,501,022	2,369,646
Later than 1 year and no later than 5 years	92,505,110	11,848,230
Later than 5 years	74,004,088	9,478,584

NOTE 15 – INCOME TAXES

On March 26, 2021, the President signed into law the “Corporate Recovery and Tax Incentives for Enterprise Act” or CREATE which seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making it time-bound, targeted and performance based.

Corporate income tax of domestic corporations shall either be 20% or 25%. The 20% rate applies to domestic corporations with a net taxable income not exceeding P5 million AND with total assets not exceeding P100 million. In computing the total assets, the value of the land where the office, plant and equipment are situated during the taxable year is to be excluded.

All other domestic corporations are subject to the 25% corporate income tax rate. Also, MCIT for both domestic and resident foreign corporations have been decreased to 1%.

Section 09 of the Revenue Regulation No 5-2021 provides the mandated rates to be used during the transition period. The current and deferred taxes for financial reporting purposes as of December 31, 2022 are measured using the RCIT/MCIT rate as of December 31, 2022.

The provision for income tax for the years ended December 31 follows:

	2022	2021
Current	803,095	45,698
Deferred	(345,322)	-
INCOME TAX EXPENSE	**457,773**	**45,698**

The Company recognized employee retirement benefit costs. These amounts are recorded under operating expenses. The deferred income tax asset and the retirement benefits obligation computed at the statutory tax rate as at December 31 are as follows:

	Retirement Benefit 2022	Retirement Benefit 2021	Tax Effect 2022	Tax Effect 2021
Beginning balance	-	-	-	-
Provision during the year	1,726,610	-	345,322	-
Ending balance	1,726,610	-	345,322	-

The reconciliation of provision for income tax computed at statutory income tax rate to the provision for income tax shown in the statement of income for the current year as follows:

	2022	2021
Income before income taxes	2,288,866	228,492
Add (deduct): Reconciling items		-
Taxable income	2,288,864	228,492
Statutory rate	20%	20%
Total provision for income tax	457,773	45,698

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Minimum corporate income tax*:		
Gross income	67,018,347	7,425,912
MCIT rate	1%	1%
Minimum corporate income tax	670,183	74,259

*applicable only beginning the fourth taxable year immediately following the taxable year the corporation commenced its business operations.

Income tax due (RCIT or MCIT, whichever is higher)	803,095	45,698
Less: Income tax credits		
Quarterly income tax payments	544,475	25,136
Creditable taxes at source		-
INCOME TAX PAYABLE	**258,620**	**20,562**

The components of the Company's deferred tax assets are as follows:

	December 31	
	2022	**2021**
Beginning of year	-	-
Add (deduct):		
Retirement benefits obligation	345,322	-
NOLCO	-	-
END OF YEAR	**345,322**	**-**

NOTE 16 – SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE (BIR)

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21 -2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

	2022	2021
Gross sales of goods	300,023,051	28,087,703
Less: VAT exempt sales	17,908,737	1,314,075
Net-vatable sale of goods	282,114,314	26,773,628
Output VAT, December 31	33,853,730	3,212,835

Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

	2022	2021
Current year's domestic purchases/payments		
Goods for resale or further processing	18,130,760	1,336,092
Goods other than for resale	14,032,216	1,788,908
Total Input reported in VAT returns	32,162,976	3,125,000
Input VAT, December 31	-	-

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All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

	2022	2021
Business taxes, licenses and permits	1,110,954	293,500
Community tax certificate	10,500	10,500
Other taxes and licenses	18,354	1,000
Total other taxes and licenses paid for the year	1,139,808	305,000

Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

	2022	2021
Tax on compensation and benefits	38,082	
Creditable withholding taxes	1,123,378	434,418
Final withholding taxes	5,312,538	480,888
Total withholding taxes for the year	6,473,998	915,306

Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2022 and 2021.

Excise tax

The Company has no productions of goods for domestic sales or importation subject to excise taxes for the years ended December 31, 2022 and 2021. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2022 and 2021.

Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

GENCORP INDUSTRIES INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

	December 31	
	2022	2021
UNAPPROPRIATED RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION, BEGINNING	Ps. 182,794	Ps. -
NET INCOME ACTUALLY EARNED / REALIZED DURING THE PERIOD		
Reacquisition of shares	-	-
Net income during the period closed to retained earnings	1,831,093	182,794
Non-actual/Unrealized income of tax		
Equity in income of associate/joint venture	-	-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents	-	-
Changes in revaluation increment earned through additional depreciation charge	-	-
Deferred income tax pertaining to property sold	-	-
Unrealized actuarial gain	-	-
Fair value adjustment (M2M gains)	-	-
Fair value adjustment of property resulting to gain	-	-
Adjustment due to deviation from PFRS / GAAP gain	-	-
Other unrealized gains or adjustment to the retained earnings as a result of certain transactions accounted for under PFRS	-	-
Total Non-Actual/Unrealized Income Net of Tax	1,831,093	182,794
Non-actual losses		
Depreciation on revaluation increment (after tax)	-	-
Adjustment due to deviation from PFRS / GAAP - loss	-	-
Loss on fair value adjustment of investment property (after tax)	-	-
Net income actually earned during the period	1,831,093	182,794
TOTAL UNAPPROPRIATED RETAINED EARNINGS	2,013,886	182,794
Dividend declarations during the period	-	-
Appropriations of retained earnings during the period	-	-
Reversals of appropriations	-	-
Effects of prior period adjustments	-	-
Treasury shares	-	-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDENDS	Ps. 2,013,886	Ps. 182,794
Appropriated per financial statements	Ps. -	Ps. -
Less appropriation for dividends		
Adjusted appropriated retained earnings	-	-
Unappropriated per financial statements	2,013,886	182,794
Add appropriation for dividends		
Adjusted unappropriated retained earnings available for dividends	2,013,886	182,794
TOTAL RETAINED EARNINGS PER FINANCIAL STATEMENTS	Ps. 2,013,886	Ps. 182,794

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

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104 V. Ilustre Street,
Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

We have audited the financial statements of **GENCORP INDUSTRIES INC.** (the "Company") for the year ended December 31, 2022, on which we have rendered the attached report dated March 28, 2023.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the said Company has a total number of six (6) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. PRIVALDO
Partner
CPA Certificate No. 98229 (February 18, 1999)
BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 7872922C (January 5, 2023)

March 28, 2023
Davao City, Philippines

E&C Elises & Ciudadano
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SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
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TIN: 912-933-298
PTR No. 7872922C (January 5, 2023)

March 28, 2023
Davao City, Philippines

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY NINE (29) page (s).

Verified by: ____________ dated APRIL-10 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "BBBBBBBB"

Securities and Exchange Commission
PHILIPPINES

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 202067001

Company Name
G E N C O R P   I N D U S T R I E S   I N C

Principal Office (No./Street/Barangay/City/Town)Province)
P V L   B L D G   B O L T O N   S T R E E T
D A V A O   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S	N A	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jb_itcdvoacctg@yahoo.com	082-2245068	09776580873

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	1st Monday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gerlie S. Dela Cruz	jtc.accOunting@gmail.com	082-2245068	09165226537

Contact Person's Address
3F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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GENCORP INDUSTRIES, INC.
BOLTON STREET, DAVAO CITY
Tax Identification Number:777-616-088

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of GENCORP INDUSTRIES, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2023 and 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2023 and 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of **GENCORP INDUSTRIES, INC.** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **GENCORP INDUSTRIES, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

KIMBERLY JUSTINE Y. CRUZ
President/Chairman of the Board

RICCI EVETTE L. CRUZ
Chief Financial Officer

18 APR 2024

Signed this __________ day of __________, 2024.

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BOOK NO. [illegible]

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ATTY. KARL MAX LU LABANON, RN
Notary Public for Davao City
Roll of Attorneys No. 82238
Commission No. 2024-023-2025
Until December 31, 2025
IBP No. 332979 • 12/21/2023
PTR No. 9299459C • 12/21/2023

GENCORP INDUSTRIES, INC.
BOLTON STREET, DAVAO CITY
Tax Identification Number:777-616-088

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of GENCORP INDUSTRIES, INC.** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

JUAN C. FRIVALDO, CPA, MBA, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chairman of the Board: **KIMBERLY JUSTINE Y. CRUZ**
Signature over printed name

Chief financial Officer: **RICCI EVETTE L. CRUZ**
Signature over printed name

Signed this 18 day of APR, 2024.

DOC. NO. 17
PAGE NO. 03
BOOK NO. XXIX
SERIES 20 24

ATTY. KARL MAX LU LABANON, R
Notary Public for Davao City
Roll of Attorneys No. 82238
Commission No. 2024-023-2025
Until December 31, 2025
IBP No. 332979 • 12/21/2023
PTR No. 9299459C • 12/21/2023
MCLE Compliance:Admitted May 28, 20

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

Opinion

We have audited the financial statements of **GENCORP INDUSTRIES INC.**, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of income, statements of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **GENCORP INDUSTRIES INC.** as at December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Such information is the responsibility of the management of **GENCORP INDUSTRIES INC**. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (November 03, 2024)
BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 9052194C (January 8, 2024)

Davao City, Philippines
March 28, 2024

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GENCORP INDUSTRIES INC.

STATEMENTS OF FINANCIAL POSITION

	Notes		As of December 31 2023		2022
ASSETS					
CURRENT ASSETS					
Cash	3	Ps.	924,695	Ps.	1,808,342
Trade receivables	4		4,134,871		5,000,764
Inventory	5		4,832,891		3,737,311
Prepayments and other current assets	6		447,978		170,290
Total Current Assets			**10,340,435**		**10,716,707**
NON-CURRENT ASSETS					
Property and equipment, net	7		62,859,319		33,061,999
Deferred tax asset	15		517,983		345,322
Total Non-Current Assets			**63,377,302**		**33,407,321**
TOTAL ASSETS		**Ps.**	**73,717,736**	**Ps.**	**44,124,028**
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and nontrade payables	8	Ps.	64,424,912	Ps.	38,874,912
Income tax payable	15		738,573		258,620
Total Current Liabilities			**65,163,485**		**39,133,532**
NON-CURRENT LIABILITIES					
Retirement benefits obligation	9		2,589,915		1,726,610
Total Non-Current Liabilities			**2,589,915**		**1,726,610**
Total Liabilities			**67,753,400**		**40,860,142**
SHAREHOLDERS' EQUITY					
(Authorized share capital 50,000 shares @ P100.00 par value per share, P5,000,000)					
Subscribed and paid	10		1,250,000		1,250,000
Retained earnings	11		4,714,337		2,013,886
Total Shareholders' Equity			**5,964,337**		**3,263,886**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**Ps.**	**73,717,736**	**Ps.**	**44,124,028**

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GENCORP INDUSTRIES INC.

STATEMENTS OF INCOME

	Notes	Years Ended December 31 2023	2022
Revenues		Ps. 320,560,702	Ps. 300,023,052
Cost of Services	12	247,490,461	233,004,705
Gross Profit		73,070,241	67,018,347
Operating Expenses	13	69,694,677	64,729,481
Net Income before Tax		3,375,564	2,288,866
Provision for Income Tax			
Current	15	847,774	803,095
Deferred	15	(172,661)	(345,322)
Net Income		Ps. 2,700,451	Ps. 1,831,093

GENCORP INDUSTRIES INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2023 and 2022

		Subscribed and Paid		Retained Earnings		Total
Balance at January 1, 2022	Ps.	312,500	Ps.	182,794	Ps.	495,294
Additional issuance of shares		937,500				937,500
Net income				1,831,092		1,831,092
Balance at December 31, 2022	**Ps.**	**1,250,000**	**Ps.**	**2,013,886**	**Ps.**	**3,263,886**
Balance at January 1, 2023	Ps.	1,250,000	Ps.	2,013,886	Ps.	3,263,886
Net income				2,700,451		2,700,451
Balance at December 31, 2023	**Ps.**	**1,250,000**	**Ps.**	**4,714,337**	**Ps.**	**5,964,337**

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GENCORP INDUSTRIES INC.

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	Ps. 2,700,451	Ps. 1,831,093
Adjustments for:		
Depreciation	11,087,150	7,973,755
Operating income before working capital changes	13,787,601	9,804,848
Decreases (increases) in:		
Trade receivables	865,894	(5,000,764)
Inventory	(1,095,580)	(3,032,904)
Prepayments	(277,688)	(170,290)
Deferred tax asset	(172,661)	(345,322)
Increases (decreases) in:		
Trade and nontrade payables	25,550,000	32,324,912
Income tax payable	479,953	238,058
Employee benefits obligation	863,305	1,726,610
Net Cash Provided In Operating Activities	**40,000,823**	**35,545,148**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(40,884,470)	(40,555,249)
Net Cash Used In Investing Activities	**(40,884,470)**	**(40,555,249)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscribed shares	-	937,500
Net Cash Provided In Financing Activities	-	**937,500**
NET DECREASE IN CASH	(883,647)	(4,072,601)
CASH BALANCE, BEGINNING	1,808,343	5,880,944
CASH BALANCE, END	**Ps. 924,695**	**Ps. 1,808,343**

GENCORP INDUSTRIES INC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - CORPORATE INFORMATION

Gencorp Industries Inc (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on September 23, 2020 to engage, operate and maintain restaurant, coffee shop, refreshment parlors, and cocktail lounges and cater foods. The registered business address of the Company is at PVL Bldg., Bolton-Rizal Streets, Davao City.

The financial statements were approved by the Board of Directors and authorized for issue on March 28, 2024.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

The significant accounting and financial reporting policies applied in the preparation of financial statements are set forth to facilitate the understanding of data presented in the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a.) Statement of Compliance and Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (the "Framework") as approved by the Financial Reporting Standards Council, Board of Accountancy, and Securities and Exchange Commission (SEC). The principal accounting policies adopted in the preparation of these financial statements are set in this note.

The financial statements have been prepared using the measurement bases specified by the PFRS for SEs for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost convention and presented in Philippine peso, except otherwise stated, and are drawn up in accordance with the provisions of the PFRS for SEs.

b.) Financial Assets and Financial Liabilities

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basis financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and cash equivalents, trade and nontrade receivables borrowings, trade and nontrade payables. The Company does not have complex financial instruments.

Basic financial instruments

Initial measurement

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Company's debt financial instrument is subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at asset's original effective interest rate.

Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

c.) Cash

Cash included cash on hand and savings and demand deposits that are unrestricted and readily available for use in the Company's operations and generally earn interest based on daily bank deposit rates.

d.) Trade and nontrade receivables

Trade and nontrade receivables are recognized initially at the transaction price plus transaction cost. They are subsequently measured at amortized cost using the effective interest method less allowance for impairment losses. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and nontrade receivables expected to be realized within one year after the reporting date or within the Company's normal operating cycle are classified as current assets in the statement of financial position. Otherwise, these are classified as noncurrent assets.

These are derecognized when the rights to receive cash flows from the receivables have expired, or if the Company has transferred its rights to receive cash flows from the receivables.

e.) Inventories

Inventories are assets which are held for sale in the ordinary course of business are recognized initially at cost. Subsequently, these are stated at the lower of cost and market value. Cost is determined using the first-in, first-out (FIFO) method.

Costs are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss. Market value is determined as the probable selling price to willing buyers as of reporting date. The Company makes an assessment of market value at each subsequent reporting date. A reversal of impairment is recognized when the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in market value. Any impa [illegible] the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of inventories is recognized as an expense in the period in which the related revenue is recognized.

f.) Prepayments

Prepayments are expenses paid in cash and recorded as assets before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption. Prepayments includes insurance, rent, repairs, supplies, and the like.

g.) Other current assets

Other current assets include the current portion of deposits on leasehold, franchise fee payments, and deferred credits (such as excess MCIT, excess creditable withholding taxes, quarterly income tax).

h.) Property and equipment

Property and equipment are initially recognized at cost. Cost includes purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, plus expenditures that are directly attributable to brining the asset to its present location and condition necessary for it to be capable of operating in the manner intended by the management.

After initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights and improvements	3 – 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected to arise from the continued use of the asset. When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income or expense in the statement of income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

i.) Impairment of non-financial assets

Assets that are subject to depreciation, are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is an indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows. The impairment loss shall be recognized in profit or loss.

Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. If the estimated recoverable amount of the asset exceeds its carrying amount, the carrying amount is increased to recoverable amount. The reversal of an impairment loss shall not increase the carrying amount of

the asset above the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j.) Trade and nontrade payables

Trade and nontrade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

The Company's trade and nontrade payables include accounts payable, advances from customers, due to government agencies, accrued interest and accrued expenses.

These are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

k.) Employee benefits

Short-term benefits

Employee entitlements to salaries and wages, annual vacation, and other benefits are recognized when they are accrued to employees. Annual vacation and other leaves have been calculated on an actual entitlement basis at current rates of pay. Unpaid benefits at the end of the reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments.

Post-employment obligations

The Company maintains a defined contribution plan for its regular employees. Under the plan, the Company pays a fixed contribution to a publicly administered pension entity. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets/fund to pay all employees the benefits relating to employee service in the current and prior periods. However, Management has set up yearly appropriation based on certain percentage of net profit after tax to take care of future deficit. The contributions are recognized as employee benefit expense when they are due.

The Company's cost and obligation to make long-service payments to employees are recognized during the employee's periods of service. The cost and obligation were not measured using the project unit credit method.

The liability recognized in the statement of financial position was determined in accordance with Republic Act No. 7641. The Company uses the allowed simplification under PFRS for SEs in computing the Company's defined benefit obligation as the application of projected unit credit method in computing the defined benefit obligation will cause undue cost or effort on the part of the Company.

l.) Equity instrument

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on present value basis.

Share capital and share premium

Share capital is measured at par value for all shares issued. Any amount received by the Company in excess of par value of its shares is credited to share premium. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings consist of accumulated profits [illegible]

Cash dividend distribution

Cash dividends to shareholders are recognized as a liability and deducted from equity when approved by the Company's Board of Directors.

m.) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company concluded that it is acting as a principal in all its revenue arrangements.

PFRS 15, 'Revenue From Contracts with Customers', establishes five-step model (identify the contract, identify separate performance obligations, determine the transaction price, allocate transaction price to performance obligations and recognize revenue as or when each performance obligation is satisfied) to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also requires the Company to exercise judgement facts and circumstances when applying each step of the model and specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to a fulfilling a contract.

Revenue comprises the fair value of the consideration received for the sale of goods in the ordinary course of the Company's activities.

The Company recognizes revenue when it is probable that future economic benefits will flow to the Company, the amount of revenue can be reliably measured and specific criteria have been met for each of the Company's activities.

n.) Expense recognition

Expenses are recognized in the statement of income upon utilization of goods and services or at the date such expenses are incurred, determined a.) on the basis of direct association between the expenses incurred and the earning of specific items of revenue; b.) on the basis of systematic and rational allocation produces when economic benefits are expected to arise over several reporting periods and association can only be broadly or indirectly determined; or, c.) immediately when expenditure procedures no future economic benefits or when, and to the extent that future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial statement position as an asset.

o.) Leases – Company as lessee

The Company shall recognize all lease payments as expense in the statements of income in the period in which they are incurred.

p.) Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

Current Tax

The tax currently payable is based on taxable income for the year. Taxable income differs from the profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the end of the reporting period.

Deferred Income Tax

Deferred income tax is provided using the balance sheet-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the temporary differences (principally relating to provisions for receivable impairment and unearned interest and discounts) between financial reporting bases of assets and liabilities and their related tax bases.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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The rates enacted at the end of the reporting period are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability.

Current and Deferred Tax for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items recognized in profit or loss or directly in equity. In this case, the tax is also recognized in profit or loss or directly in equity, respectively.

The Company establishes liabilities for probable and estimable assessments by the Bureau of Internal revenue (BIR) resulting from any known tax exposures. Estimates represent a reasonable provision for taxes ultimately expected to be paid and may need to be adjusted over time as more information becomes available.

q.) Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

In those cases, where the possible outflow of economic resource as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that the developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

r.) Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

s.) Rounding of Amounts

All amount disclosed in the financial statements and notes have been rounded off to the nearest peso, unless otherwise indicated.

t.) Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

u.) Comparatives

Where necessary, comparative figures have been reclassified as required by relevant standards.

NOTE 3 - CASH

This account consists of:

	December 31	
	2023	2022
Cash on hand	500,000	500,000
Cash in bank	790,047	1,308,342
TOTAL	**1,290,047**	**1,808,342**

Cash in banks generally earn interest at rates based on daily bank deposit rates.

NOTE 4 – TRADE AND NONTRADE RECEIVABLES

This account consists of:

	December 31	
	2023	2022
Accounts receivable	4,134,871	5,000,764
TOTAL	**4,134,871**	**5,000,764**

Accounts receivables are usually settled less than 1 year after billing date and are non-interest bearing.

NOTE 5 – INVENTORIES

This account consists of:

	December 31	
	2023	2022
Food supplies and paper	4,028,457	3,444,065
Others	804,434	293,246
TOTAL	**4,832,891**	**3,737,311**

All inventories are stated of cost, which is lower than its estimated selling price less costs to complete and sell.

The cost of inventories recognized as expense amounted to P179,587,161 and P151,089,669 as at December 31, 2023 and 2022 respectively, and is presented as Cost of Sales in the statements of income (see note 12).

NOTE 6 – PREPAYMENTS

This account consists of:

	December 31	
	2023	2022
Prepaid store supplies	199,598	[illegible]
Deferred credits – excess MCIT	248,280	-
TOTAL	**447,878**	**170,290**

NOTE 7 – PROPERTY AND EQUIPMENT (NET)

The reconciliation this account is as follows:

2023

	Leasehold improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2023	11,050,000.00	26,209,820.00	5,616,934.00	42,876,754.00
Additions	20,000,000.00	11,484,120.00	9,400,350.00	40,884,470.00
December 31, 2023	31,050,000.00	37,693,940.00	15,017,284.00	83,761,224.00
Accumulated depreciation				
January 1, 2023	2,050,000.00	7,001,964.00	762,790.75	9,814,754.75
Depreciation	2,261,500.00	7,760,368.00	1,065,282.00	11,087,150.00
December 31, 2023	4,311,500.00	14,762,332.00	1,828,072.75	20,901,904.75
Net book value	**26,738,500.00**	**22,931,608.00**	**13,189,211.25**	**62,859,319.25**

2022

	Leasehold improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2022	1,050,000.00	950,000.00	321,505.00	2,321,505.00
Additions	10,000,000.00	25,259,820.00	5,295,429.00	40,555,249.00
December 31, 2022	11,050,000.00	26,209,820.00	5,616,934.00	42,876,754.00
Accumulated depreciation				
January 1, 2022	941,000.00	690,000.00	210,000.00	1,841,000.00
Depreciation	1,109,000.00	6,311,964.00	552,790.75	7,973,754.75
December 31, 2022	2,050,000.00	7,001,964.00	762,790.75	9,814,754.75
Net book value	**9,000,000.00**	**19,207,856.00**	**4,854,143.25**	**33,061,999.25**

Depreciation charged to cost of goods sold amounted to P 11,087,150 and P7,973,755 for the years ended December 31, 2023 and 2022, respectively. (see note 12)

NOTE 8 – TRADE AND NONTRADE PAYABLES

This account consists of:

	December 31	
	2023	2022
Accounts payables	62,276,497	37,601,784
SSS, HDMF, PHIC and withholding taxes payable	235,958	107,733
Accrued expenses	1,912,457	1,165,395
TOTAL	[illegible]	[illegible]

Accounts payable represents the amount owed to various suppliers on the Company's purchases of raw materials. The average credit period on these payables is less than [illegible]

SSS, HDMF, PHIC and withholding taxes payable are due to government agencies.

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NOTE 9 – RETIREMENT BENEFITS OBLIGATION

The movements in the retirement benefits liability during the year follow:

	December 31	
	2023	2022
Balance at beginning of year	1,726,610	-
Retirement benefits	863,305	1,726,610
BALANCE AT END OF YEAR	**2,589,915**	**1,726,610**

The Company's retirement benefits are computed using a simplified computation to comply with RA No. 7641 (Retirement Law). The projected unit credit method was not used to determine the current service cost for the year and the past service liability and no actuarial valuations were made for prior years.

The Company believes that an annual provision of retirement benefits is sufficient to cover its retirement benefits obligation. The management believes that the difference, if any, against the amount to be derived based on actuarial valuation would not be significant.

Total retirement benefits amounted to P863,305 and P1,726,610 for the years ended December 31, 2023 and 2022 and are presented under operating expenses in the statements of income (see note 13).

NOTE 10 – SHARE CAPITAL

	2023		2022	
	Shares	Amount	Shares	Amount
Authorized capital share – P100 par value per share	50,000	5,000,000	50,000	5,000,000
Issued and subscribed	12,500	1,250,000	12,500	1,250,000
Treasury shares			-	-
Issued, subscribed and outstanding	12,500	1,250,000	12,500	1,250,000

Analysis of share capital is shown below:

	Subscribed	Outstanding shares	Treasury shares	Net
Balance at December 31, 2023	12,500	12,500	-	12,500
Balance at December 31, 2022	12,500	12,500	-	12,500

The Company is not exposed to externally imposed capital requirements.

NOTE 11 – RETAINED EARNINGS

This account consists of:

	December 31	
	2023	2022
Unappropriated retained earnings at beginning of year	2,013,886	182,794
Net Income	2,700,451	1,831,093
Unappropriated retained earnings at end of year	4,714,337	2,013,886
Appropriated retained earnings at end of year	-	-
BALANCE AT END OF YEAR	**4,714,337**	**2,013,887**

Under the Philippine Corporation Code, stock corporations are prohibited from retaining surplus profits in excess of their paid-up capital stock except when justified by any of the reasons mentioned in the Code.

NOTE 12 – COST OF SERVICES

This account consists of:

	December 31	
	2023	2022
Food and paper	156,587,161	151,089,669
Salaries and Wages	49,364,021	45,685,091
Depreciation (see note 7)	11,087,150	7,973,755
Light and water	13,454,751	12,144,707
Supplies	7,355,622	6,916,325
SSS, PHIC, & ECC	-	-
Repairs and Maintenance	3,010,535	2,876,341
Miscellaneous	6,631,221	6,318,817
TOTAL	**247,490,461**	**233,004,705**

Details of food supplies, processed inventories, packaging, paper and novelties cost follow:

	December 31	
	2023	2022
Inventory, January 1	3,737,311	11,134,097
Purchases	157,682,741	143,692,883
Inventory, December 31	(4,832,891)	(3,737,311)
TOTAL	**156,587,161**	**151,089,669**

NOTE 13 – OPERATING EXPENSES

This account consists of:

	December 31	
	2023	2022
Royalties	28,231,883	26,562,687
Employee retirement benefits (see note 15)	863,305	1,726,610
Advertising and promotions	10,599,659	9,739,218
Security services	1,270,143	1,137,734
Taxes and licenses (see note 16)	1,356,865	1,139,808
Transportation and travel	611,216	504,508

Representation and seminars	506,412	437,490
Communication and postage	167,431	228,367
Insurance	199,698	170,290
Rentals (see note 14)	21,644,120	18,501,022
Senior Citizen Discount	4,243,945	4,581,747
TOTAL	**69,694,677**	**64,729,481**

NOTE 14 – OPERATING LEASE AGREEMENTS

The Company leases a commercial space under a long-term lease of 10 years commencing on August 1, 2021. The lease is subject to rent reviews after 10 years. The lease is subject to renewal for another period under the same terms and conditions, subject to the payment of a reasonable monthly rental rate mutually agreed upon by the parties. Monthly rent is also subject to 10% escalation every year.

The minimum lease payments under operating leases recognized as expense during the year amounted to P21,644,120 versus last year P 18,501,022.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

	December 31	
	2023	2022
No later than 1 year	21,644,120	18,501,022
Later than 1 year and no later than 5 years	108,220,600	92,505,110
Later than 5 years	86,576,480	74,004,088

NOTE 15 – INCOME TAXES

On March 26, 2021, the President signed into law the "Corporate Recovery and Tax Incentives for Enterprise Act" or CREATE which seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making it time-bound, targeted and performance based.

Corporate income tax of domestic corporations shall either be 20% or 25%. The 20% rate applies to domestic corporations with a net taxable income not exceeding P5 million AND with total assets not exceeding P100 million. In computing the total assets, the value of the land where the office, plant and equipment are situated during the taxable year is to be excluded.

All other domestic corporations are subject to the 25% corporate income tax rate. Also, MCIT for both domestic and resident foreign corporations have been decreased to 1%.

Section 09 of the Revenue Regulation No 5-2021 provides the mandated rates to be used during the transition period. The current and deferred taxes for financial reporting purposes as of December 31, 2023 are measured using the RCIT/MCIT rate as of December 31, 2023.

The provision for income tax for the years ended December 31 follows:

	2023	2022
Current	847,774	803,095
Deferred	(172,661)	(345,322)
INCOME TAX EXPENSE	**675,113**	**457,773**

The Company recognized employee retirement benefit costs. These amounts are recorded under operating expenses. The deferred income tax asset and the retirement benefits obligation computed at the statutory tax rate as at December 31 are as follows:

	Retirement Benefit		Tax Effect	
	2023	2022	2023	2022
Beginning balance	1,726,610	-	345,322	-
Provision during the year	863,305	1,726,610	172,661	345,322
Ending balance	2,589,915	1,726,610	517,983	345,322

The reconciliation of provision for income tax computed at statutory income tax rate to the provision for income tax shown in the statement of income for the current year as follows:

	2023	2022
Income before income taxes	3,375,564	2,288,866
Add (deduct): Reconciling items	-	-
Taxable income	3,375,564	2,288,866
Statutory rate	20%	20%
Total provision for income tax	675,113	457,773
Minimum corporate income tax*:		
Gross income	73,070,241	67,018,347
MCIT rate	1.5%	1%
Minimum corporate income tax	1,096,054	670,183
*applicable only beginning the fourth taxable year immediately following the taxable year the corporation commenced its business operations.		
Income tax due (RCIT or MCIT, whichever is higher)	1,096,054	803,095
Less: Income tax credits		
Quarterly income tax payments.	357,481	544,475
Creditable taxes at source		-
INCOME TAX PAYABLE	**738,573**	**258,620**

The components of the Company's deferred tax assets are as follows:

	December 31	
	2023	2022
Beginning of year	345,322	-
Add (deduct):		
Retirement benefits obligation	172,661	345,322
NOLCO	-	-
END OF YEAR	**517,983**	**345,322**

NOTE 16 – SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE (BIR)

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

	2023	2022
Gross sales of goods	320,560,702	300,023,051
Less: VAT exempt sales	21,203,623	17,908,737
Net-vatable sale of goods	299,357,079	282,114,314
Output VAT, December 31	35,922,849	33,853,730

Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

	2023	2022
Current year's domestic purchases/payments		
Goods for resale or further processing	20,970,794	18,130,760
Goods other than for resale	15,456,302	14,032,216
Total Input reported in VAT returns	35,427,096	32,162,976
Input VAT, December 31	-	-

All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

	2023	2022
Business taxes, licenses and permits	1,325,757	1,110,954
Community tax certificate	10,500	10,500
Other taxes and licenses	20,608	18,354
Total other taxes and licenses paid for the year	1,356,865	1,139,808

Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

	2023	2022
Tax on compensation and benefits	63,583	38,082
Creditable withholding taxes	1,536,278	1,123,378
Final withholding taxes	5,646,377	5,312,538
Total withholding taxes for the year	7,246,238	6,473,998

Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2023 and 2022.

Excise tax

The Company has no productions of goods for domestic sales or importation subject to excise taxes for the years ended December 31, 2023 and 2022. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2023 and 2022.

Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

GENCORP INDUSTRIES INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

		December 31		
		2023		2022
UNAPPROPRIATED RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION, BEGINNING	Ps.	2,013,887	Ps.	182,794
NET INCOME ACTUALLY EARNED / REALIZED DURING THE PERIOD				
Reacquisition of shares		-		-
Net income during the period closed to retained earnings		2,700,450		1,831,093
Non-actual/Unrealized income of tax				
Equity in income of associate/joint venture		-		-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents		-		-
Changes in revaluation increment earned through additional depreciation charge		-		-
Deferred income tax pertaining to property sold		-		-
Unrealized actuarial gain		-		-
Fair value adjustment (M2M gains)		-		-
Fair value adjustment of property resulting to gain		-		-
Adjustment due to deviation from PFRS / GAAP gain		-		-
Other unrealized gains or adjustment to the retained earnings as a result of certain transactions accounted for under PFRS		-		-
Total Non-Actual/Unrealized Income Net of Tax		2,700,450		1,831,093
Non-actual losses				
Depreciation on revaluation increment (after tax)		-		-
Adjustment due to deviation from PFRS / GAAP - loss		-		-
Loss on fair value adjustment of investment property (after tax)		-		-
Net income actually earned during the period		2,700,450		1,831,093
TOTAL UNAPPROPRIATED RETAINED EARNINGS		4,714,337		2,013,887
Dividend declarations during the period		-		-
Appropriations of retained earnings during the period		-		-
Reversals of appropriations		-		-
Effects of prior period adjustments		-		-
Treasury shares		-		-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDENDS	Ps.	4,714,337	Ps.	2,013,887
Appropriated per financial statements	Ps.	-	Ps.	-
Less appropriation for dividends				
Adjusted appropriated retained earnings		-		-
Unappropriated per financial statements		4,714,337		2,013,887
Add appropriation for dividends				
Adjusted unappropriated retained earnings available for dividends		4,714,337		2,013,887
TOTAL RETAINED EARNINGS PER FINANCIAL STATEMENTS	Ps.	4,714,337	Ps.	2,013,887

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
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3rd Flr. JRT Building,
104 V. Ilustre Street
Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **GENCORP INDUSTRIES INC.** covering the period January 1, 2023 to December 31, 2023 that are herewith submitted to the Securities and Exchange Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make this representation in my individual capacity and as a partner in the accounting firm of **ELISES & CIUDADANO (A Professional Firm of Certified Public Accountants).**

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (November 03, 2024)
BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 9052194C (January 8, 2024)

Davao City, Philippines
March 28, 2024

SECURITIES AND EXCHANGE COMMISSION
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Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
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Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

We, the appointed independent auditor of **GENCORP INDUSTRIES INC.** (the "Company"), do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 16 of the Notes to Financial Statements.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
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By:

JUAN C. FRIVALDO
Partner
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Davao City, Philippines
March 28, 2024

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)

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Davao City, Philippines

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SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

We have audited the financial statements of **GENCORP INDUSTRIES INC.** (the "Company") for the year ended December 31, 2023, on which we have rendered the attached report dated March 28, 2024.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the said Company has a total number of six (6) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2024)
SEC Accreditation No. 0161-SEC (March 17, 2025)
BSP Accreditation No. 0161-BSP (January 21, 2025)
CDA CEA No. 032-AF (March 17, 2024)

By:

JUAN C. FRIVALDO
Partner
CPA Certificate No. 98229 (November 03, 2024)
BIR AN 19-007743-001-2022 (December 18, 2025)
TIN: 912-933-298
PTR No. 9052194C (January 8, 2024)

Davao City, Philippines
March 28, 2024

SECURITIES AND EXCHANGE COMMISSION
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CFRD-CRMD

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY NINE (29) page (s).

Verified by: ______________ dated APRIL-10 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "CCCCCCCC"

Securities and Exchange Commission
PHILIPPINES

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS 202067001

Company Name

GENCORP INDUSTRIES INC

Principal Office (No./Street/Barangay/City/Town)Province)

PVL BLDG BOLTON STREET
DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	N A	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jb_jtcdvoacctg@yahoo.com	082-2245068	09776580873
No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	1st Monday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gerlie S. Dela Cruz	jtc.accOunting@gmail.com	082-2245068	09165226537

Contact Person's Address
3F PVL BLDG., BOLTON ST., DAVAO CITY

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION
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GENCORP INDUSTRIES, INC.
BOLTON STREET, DAVAO CITY
Tax Identification Number:777-616-088

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The **Management of GENCORP INDUSTRIES, INC.** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The **Board of Directors** is responsible for overseeing the Company's financial reporting process.

The **Board of Directors** reviews and approves the financial statements and submits the same to the stockholders.

JUAN C. FRIVALDO, CPA, MBA, the independent auditor, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

President & Chairman of the Board:	**KIMBERLY JUSTINE F. CRUZ** *Signature over printed name*
Chief financial Officer:	**RICCI IVETTE L. CRUZ** *Signature over printed name*

Signed this 31 day of MARCH, 2025.

2 3 APR 2025

SUBSCRIBED AND SWORN to before me this ______ in the City of Davao, Davao del Sur, Philippines. Affiant(s) exhibited to me his/her/their competent evidence of identity (as shown below his/her/their names) bearing his/her/their photograph and signature and attested to the truth of the foregoing statements.

SECURITIES AND EXCHANGE COMMISSION
CERTIFIED TRUE COPY
Page: 4 of 29 pages
Verified by: ______ Date Issued: ______
C F R D C R M D

ATTY. OSCAR SUAREZ TE
NOTARY PUBLIC
Until December 31, 2025
Roll of Attorney's No. 32906
Notarial Commission No. 2024-042-2025
PTR O.R. No. 0540336D dtd. 01/02/2025
IBP-Davao City Chapter OR. No. 496363 dtd. 01/03/2025

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BOOK NO. IV
SERIES OF 2025

GENCORP INDUSTRIES, INC.
BOLTON STREET, DAVAO CITY
Tax Identification Number:777-616-088

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The **Management of GENCORP INDUSTRIES, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2024 and 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2024 and 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **GENCORP INDUSTRIES, INC.** complete and correct in all material respects. Management likewise affirms that:

a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c. The **GENCORP INDUSTRIES, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

KIMBERLY JUSTINE Y. CRUZ
President/Chairman of the Board

RICCI EVETTE L. CRUZ
Chief Financial Officer

Signed this 31 day of MARCH, 2025.

SECURITIES AND EXCHANGE COMMISSION
CERTIFIED TRUE COPY
Page: 5 in of 29 pages
Verified by: Date Issued:
C F R D - C R M D

SUBSCRIBED AND SWORN to before me this [illegible] the City of Davao, Davao del Sur, Philippines. Affiant(s) [illegible] his/her/their competent evidence of identity (as shown below) his/her/their [illegible] bearing his/her/their photograph and signature and attested to the truth of the foregoing statements.

ATTY. OSCAR SUAREZ TE
NOTARY PUBLIC
Until December 31, 2025
Roll of Attorney's No. 32965
Notarial Commission No. 2024-042-2025
PTR O.R. No. 0540336D dtd. 01/02/2025
IBP-Davao City Chapter OR. No. 496303 dtd. 01/03/2025
Davao City

DOC. NO. 487
PAGE NO. 98
BOOK NO. IX
SERIES OF 2025

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)

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Telephone: (082) 282-2962
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Email: thelmaciudadano@yahoo.com

"Dedicated to Excellence and Quality Service"

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

Opinion

We have audited the financial statements of **GENCORP INDUSTRIES INC.**, which comprise the statements of financial position as at **December 31, 2024 and 2023**, and the statements of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **GENCORP INDUSTRIES INC.** as at **December 31, 2024 and 2023**, and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small-and-Medium Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Government for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes paid and accrued by the Company discussed in Note 16 to the financial statements is presented for the purpose of complying with the disclosure requirement of the Bureau of Internal Revenue are not a required part of the basic financial statements. Such information and additional schedules are the responsibility of Management. They have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Securities and Exchange Commission PHILIPPINES

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2027)
SEC Accreditation No. 0161-SEC (AFS 2023-2027)
BSP Accreditation No. 0161-BSP (AFS 2021-2025)
CDA CEA No. 032-AF

By:

JUAN C. FRIVALDO
CPA Certificate No. 0098229 (February 18, 1999)
BOA Accreditation No. 0161/P-003 (November 18, 2027)
BIR AN 19-007743-001-2022 (December 13, 2025)
TIN: 912-933-298
PTR No. 0466263D (January 02, 2025)

Davao City, Philippines
March 31, 2025

GENCORP INDUSTRIES INC.

STATEMENTS OF FINANCIAL POSITION

	Notes		As of December 31 2024		2023
ASSETS					
CURRENT ASSETS					
Cash	3	Ps.	683,838	Ps.	924,695
Trade receivables	4		4,580,924		4,134,871
Inventory	5		6,158,004		4,832,891
Prepayments	6		971,429		447,978
Total Current Assets			**12,394,195**		**10,340,435**
NON-CURRENT ASSETS					
Property and equipment, net	7		99,180,479		62,859,319
Deferred tax asset	15		733,809		517,983
Total Non-Current Assets			**99,914,288**		**63,377,302**
TOTAL ASSETS		**Ps.**	**112,308,483**	**Ps.**	**73,717,736**
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and nontrade payables	8	Ps.	98,292,894	Ps.	64,424,912
Income tax payable	15		1,273,169		738,573
Total Current Liabilities			**99,566,063**		**65,163,485**
NON-CURRENT LIABILITIES					
Retirement benefits obligation	9		3,453,220		2,589,915
Total Non-Current Liabilities			**3,453,220**		**2,589,915**
Total Liabilities			**103,019,283**		**67,753,400**
SHAREHOLDERS' EQUITY					
(Authorized share capital 50,000 shares @ P100.00 par value per share, P5,000,000)					
Subscribed and paid	10		1,250,000		1,250,000
Retained earnings	11		8,039,200		4,714,337
Total Shareholders' Equity			**9,289,200**		**5,964,337**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**Ps.**	**112,308,483**	**Ps.**	**73,717,736**

GENCORP INDUSTRIES INC.

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Notes	2024	2023
Revenues		Ps. 394,075,361	Ps. 320,560,702
Cost of Services	12	305,074,051	247,490,461
Gross Profit		89,001,310	73,070,241
Operating Expenses	13	84,568,159	69,694,677
Net Income before Tax		4,433,151	3,375,564
Provision for Income Tax			
Current	15	1,324,114	847,774
Deferred	15	(215,826)	(172,661)
Net Income		Ps. 3,324,863	Ps. 2,700,451

Solution for Business
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GENCORP INDUSTRIES INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31,2024 and 2023

	Subscribed and Paid	Retained Earnings	Total
Balance at January 1, 2023	Ps. 1,250,000	Ps. 2,013,886	Ps. 3,263,886
Net income		2,700,451	2,700,451
Balance at December 31, 2023	**Ps. 1,250,000**	**Ps. 4,714,337**	**Ps. 5,964,337**
Balance at January 1, 2024	Ps. 1,250,000	Ps. 4,714,337	Ps. 5,964,337
Net income		3,324,863	3,324,863
Balance at December 31, 2024	**Ps. 1,250,000**	**Ps. 8,039,200**	**Ps. 9,289,200**

GENCORP INDUSTRIES INC.

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	Ps. 3,324,863	Ps. 2,700,451
Adjustments for:		
Depreciation	14,019,710	11,087,150
Operating income before working capital changes	17,344,573	13,787,601
Decreases (increases) in:		
Trade receivables	(446,053)	865,894
Inventory	(1,325,113)	(1,095,580)
Prepayments	(523,451)	(277,688)
Deferred tax asset	(215,826)	(172,661)
Increases (decreases) in:		
Trade and nontrade payables	33,867,982	25,550,000
Income tax payable	534,596	479,953
Employee benefits obligation	863,305	863,305
Net Cash Provided By Operating Activities	**50,100,013**	**40,000,823**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(50,340,870)	(40,884,470)
Net Cash Used In Investing Activities	**(50,340,870)**	**(40,884,470)**
NET DECREASE IN CASH	(240,857)	(883,647)
CASH BALANCE, BEGINNING	924,695	1,808,343
CASH BALANCE, END	Ps. 683,838	Ps. 924,695

GENCORP INDUSTRIES INC

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 - CORPORATE INFORMATION

Gencorp Industries Inc (the Company) was incorporated under the Philippine laws and registered with the Securities and Exchange Commission on September 23, 2020 to engage, operate and maintain restaurant, coffee shop, refreshment parlors, and cocktail lounges and cater foods. The registered business address of the Company is at PVL Bldg., Bolton-Rizal Streets, Davao City.

The accompanying financial statements of the Company as at and for the years 2024 and 2023 were approved and authorized by its Board of Directors on March 31, 2025.

NOTE 2 - SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information are consistent with those of the previous financial year except for the changes as stated below.

a.) Statement of Compliance and Basis of Preparation

The financial statements of **Gencorp Industries Inc** have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as issued by the Philippine Financial Reporting Standard Council (FSRSC). PFRS Accounting Standards are based on IFRS Accounting Standards issued by the International Accounting Standards Board.

The financial statements have been prepared using the measurement bases specified by the PFRS for SMEs for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost convention and presented in Philippine peso, except otherwise stated, and are drawn up in accordance with the provisions of the Philippine Financial Reporting Standards for Small-and-Medium Entities (PFRS for SMEs).

b.) Financial Assets and Financial Liabilities

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basis financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and cash equivalents, trade and nontrade receivables borrowings, trade and nontrade payables. The Company does not have complex financial instruments.

Basic financial instruments

Initial measurement

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Company's debt financial instrument is subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at asset's original effective interest rate.

Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

c.) Cash

Cash included cash on hand and savings and demand deposits that are unrestricted and readily available for use in the Company's operations and generally earn interest based on daily bank deposit rates.

d.) Trade and nontrade receivables

Trade and nontrade receivables are recognized initially at the transaction price plus transaction cost. They are subsequently measured at amortized cost using the effective interest method less allowance for impairment losses. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and nontrade receivables expected to be realized within one year after the reporting date or within the Company's normal operating cycle are classified as current assets in the statement of financial position. Otherwise, these are classified as noncurrent assets.

These are derecognized when the rights to receive cash flows from the receivables have expired, or if the Company has transferred its rights to receive cash flows from the receivables.

e.) Inventories

Inventories are assets which are held for sale in the ordinary course of business are recognized initially at cost. Subsequently, these are stated at the lower of cost and market value. Cost is determined using the first-in, first-out (FIFO) method.

Costs are accounted for as follows:

Processed Inventories - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using first-in, first-out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.

Food supplies, packaging, store and other supplies, and other novelty items - Standard costing is reviewed on quarterly basis and revised as necessary to approximate current costs determined using FIFO.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to sell; the impairment loss is recognized immediately in profit or loss. Market value is determined as the probable selling price to willing buyers as of reporting date. The Company makes an assessment of market value at each subsequent reporting date. A reversal of impairment is recognized when the circumstances that previously caused inventories to be impaired no longer exist or when there is clear evidence of an increase in market value. Any impairment reversal is recognized in profit or loss, but is limited to the amount of the original impairment loss recognized.

When inventories are sold, the carrying amount of inventories is recognized as an expense in the period in which the related revenue is recognized.

f.) Prepayments

Prepayments are expenses paid in cash and recorded as assets before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption. Prepayments includes insurance, rent, repairs, supplies, and the like.

g.) Other current assets

Other current assets include the current portion of deposits on leasehold, franchise fee payments, and deferred credits (such as excess MCIT, excess creditable withholding taxes, quarterly income tax).

h.) Property and equipment

Property and equipment are initially recognized at cost. Cost includes purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, plus expenditures that are directly attributable to brining the asset to its present location and condition necessary for it to be capable of operating in the manner intended by the management.

After initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when the cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Classification	Number of Years
Store equipment	3 – 5
Furniture and fixtures	3 – 5
Leasehold rights and improvements	3 – 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected to arise from the continued use of the asset. When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income or expense in the statement of income.

Fully depreciated assets are kept in the accounts until no longer useful in the company and no further depreciation is charged to current operations.

i.) Impairment of non-financial assets

Assets that are subject to depreciation, are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is an indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, asses are grouped at the lowest levels for which they are separately identifiable as cash flows. The impairment loss shall be recognized in profit or loss.

Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. If the estimated recoverable amount of the asset exceeds its carrying amount, the carrying amount is increased to recoverable amount. The reversal of an impairment loss shall not increase the carrying amount of

the asset above the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j.) Trade and nontrade payables

Trade and nontrade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

The Company's trade and nontrade payables include accounts payable, advances from customers, due to government agencies, accrued interest and accrued expenses.

These are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

k.) Employee benefits

Short-term benefits

Employee entitlements to salaries and wages, annual vacation, and other benefits are recognized when they are accrued to employees. Annual vacation and other leaves have been calculated on an actual entitlement basis at current rates of pay. Unpaid benefits at the end of the reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments.

Post-employment obligations

The Company maintains a defined contribution plan for its regular employees. Under the plan, the Company pays a fixed contribution to a publicly administered pension entity. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets/fund to pay all employees the benefits relating to employee service in the current and prior periods. However, Management has set up yearly appropriation based on certain percentage of net profit after tax to take care of future deficit. The contributions are recognized as employee benefit expense when they are due.

The Company's cost and obligation to make long-service payments to employees are recognized during the employee's periods of service. The cost and obligation were not measured using the project unit credit method.

The liability recognized in the statement of financial position was determined in accordance with Republic Act No. 7641. The Company uses the allowed simplification under PFRS for SEs in computing the Company's defined benefit obligation as the application of projected unit credit method in computing the defined benefit obligation will cause undue cost or effort on the part of the Company.

l.) Equity instrument

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on present value basis.

Share capital and share premium

Share capital is measured at par value for all shares issued. Any amount received by the Company in excess of par value of its shares is credited to share premium. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings consist of accumulated profits less any amounts distributed to the shareholders.

Cash dividend distribution

Cash dividends to shareholders are recognized as a liability and deducted from equity when approved by the Company's Board of Directors.

m.) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company concluded that it is acting as a principal in all its revenue arrangements.

PFRS 15, 'Revenue From Contracts with Customers', establishes five-step model (identify the contract, identify separate performance obligations, determine the transaction price, allocate transaction price to performance obligations and recognize revenue as or when each performance obligation is satisfied) to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also requires the Company to exercise judgement facts and circumstances when applying each step of the model and specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to a fulfilling a contract.

Revenue comprises the fair value of the consideration received for the sale of goods in the ordinary course of the Company's activities.

The Company.recognizes revenue when it is probable that future economic benefits will flow to the Company, the amount of revenue can be reliably measured and specific criteria have been met for each of the Company's activities.

n.) Expense recognition

Expenses are recognized in the statement of income upon utilization of goods and services or at the date such expenses are incurred, determined a.) on the basis of direct association between the expenses incurred and the earning of specific items of revenue; b.) on the basis of systematic and rational allocation produces when economic benefits are expected to arise over several reporting periods and association can only be broadly or indirectly determined; or, c.) immediately when expenditure procedures no future economic benefits or when, and to the extent that future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial statement position as an asset.

o.) Leases – Company as lessee

The Company shall recognize all lease payments as expense in the statements of income in the period in which they are incurred.

p.) Taxation

Income tax expense represents the sum of the tax currently payable and deferred income tax.

Current Tax

The tax currently payable is based on taxable income for the year. Taxable income differs from the profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the end of the reporting period.

Deferred Income Tax

Deferred income tax is provided using the balance sheet-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the temporary differences (principally relating to provisions for receivable impairment and unearned interest and discounts) between financial reporting bases of assets and liabilities and their related tax bases.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The rates enacted at the end of the reporting period are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability.

Current and Deferred Tax for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items recognized in profit or loss or directly in equity. In this case, the tax is also recognized in profit or loss or directly in equity, respectively.

The Company establishes liabilities for probable and estimable assessments by the Bureau of Internal revenue (BIR) resulting from any known tax exposures. Estimates represent a reasonable provision for taxes ultimately expected to be paid and may need to be adjusted over time as more information becomes available.

q.) Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

In those cases, where the possible outflow of economic resource as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that the developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

r.) Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

s.) Rounding of Amounts

All amount disclosed in the financial statements and notes have been rounded off to the nearest peso, unless otherwise indicated.

t.) Events after the reporting date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting event are disclosed in the notes to the financial statements when material.

u.) Comparatives

Where necessary, comparative figures have been reclassified as required by relevant standards.

NOTE 3 - CASH

This account consists of:

	December 31	
	2024	**2023**
Cash on hand	100,000	500,000
Cash in bank	583,838	424,695
TOTAL	**683,838**	**924,695**

Cash in banks generally earn interest at rates based on daily bank deposit rates.

NOTE 4 – TRADE RECEIVABLES

This account consists of:

	December 31	
	2024	**2023**
Accounts receivable	4,580,924	4,134,871
TOTAL	**4,580,924**	**4,134,871**

Accounts receivables are usually settled less than 1 year after billing date and are non-interest bearing.

NOTE 5 – INVENTORIES

This account consists of:

	December 31	
	2024	2023
Food supplies and paper	5,130,991	4,028,457
Others	1,027,013	804,434
TOTAL	6,158,004	4,832,891

All inventories are stated of cost, which is lower than its estimated selling price less costs to complete and sell.

NOTE 6 – PREPAYMENTS

This account consists of:

	December 31	
	2024	**2023**
Prepaid store supplies	267,237	199,698
Deferred credits- excess MCIT	704,192	248,280
TOTAL	971,429	447,978

Securities and Exchange Commission PHILIPPINES

NOTE 7 – PROPERTY AND EQUIPMENT (NET)

The reconciliation this account is as follows:

2024

	Leasehold improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2024	31,050,000.00	37,693,940.00	15,017,284.00	83,761,224.00
Additions	22,000,000.00	17,840,320.00	10,500,550.00	50,340,870.00
December 31, 2024	53,050,000.00	55,534,260.00	25,517,834.00	134,102,094.00
Accumulated depreciation				
January 1, 2024	4,311,500.00	14,762,332.00	1,828,072.75	20,901,904.75
Depreciation	3,590,500.00	8,590,560.00	1,838,650.00	14,018,710.00
December 31, 2024	7,902,000.00	23,352,892.00	3,666,722.75	34,921,614.75
Net book value	**45,148,000.00**	**32,181,368.00**	**21,851,111.25**	**99,180,479.25**

2023

	Leasehold improvements	Store equipment	Furniture and fixtures	Total
Cost				
January 1, 2023	11,050,000.00	26,209,820.00	5,616,934.00	42,876,754.00
Additions	20,000,000.00	11,484,120.00	9,400,350.00	40,884,470.00
December 31, 2023	31,050,000.00	37,693,940.00	15,017,284.00	83,761,224.00
Accumulated depreciation				
January 1, 2023	2,050,000.00	7,001,964.00	762,790.75	9,814,754.75
Depreciation	2,261,500.00	7,760,368.00	1,065,282.00	11,087,150.00
December 31, 2023	4,311,500.00	14,762,332.00	1,828,072.75	20,901,904.75
Net book value	**26,738,500.00**	**22,931,608.00**	**13,189,211.25**	**62,859,319.25**

NOTE 8 – TRADE AND NONTRADE PAYABLES

This account consists of:

	December 31	
	2024	**2023**
Accounts payables	95,006,832	62,276,497
SSS, HDMF, PHIC and withholding taxes payable	537,791	235,958
Accrued expenses	2,748,271	1,912,457
TOTAL	**98,292,894**	**64,424,912**

Accounts payable represents the amount owed to various suppliers on the Company's purchases of raw materials. The average credit period on these payables is less than 1 year.

SSS, HDMF, PHIC and withholding taxes payable are due to government agencies.

NOTE 9 – RETIREMENT BENEFITS OBLIGATION

The movements in the retirement benefits liability during the year follow:

	December 31	
	2024	**2023**
Balance at beginning of year	2,589,915	1,726,610
Retirement benefits	863,305	863,305
BALANCE AT END OF YEAR	**3,453,220**	**2,589,915**

The Company's retirement benefits are computed using a simplified computation to comply with RA No. 7641 (Retirement Law). The projected unit credit method was not used to determine the current service cost for the year and the past service liability and no actuarial valuations were made for prior years.

The Company believes that an annual provision of retirement benefits is sufficient to cover its retirement benefits obligation. The management believes that the difference, if any, against the amount to be derived based on actuarial valuation would not be significant.

Total retirement benefits amounted to P863,305 and P 863,305 for the years ended December 31, 2024 and 2023 and are presented under operating expenses in the statements of income (see note 13).

NOTE 10 – SHARE CAPITAL

	2024		2023	
	Shares	Amount	Shares	Amount
Authorized capital share – P100 par value per share	50,000	5,000,000	50,000	5,000,000
Issued and subscribed	12,500	1,250,000	12,500	1,250,000
Treasury shares			-	-
Issued, subscribed and outstanding	**12,500**	**1,250,000**	**12,500**	**1,250,000**

Analysis of share capital is shown below:

	Subscribed	Outstanding shares	Treasury shares	Net
Balance at December 31, 2024	12,500	12,500	-	12,500
Balance at December 31, 2023	12,500	12,500	-	12,500

The Company is not exposed to externally imposed capital requirements.

NOTE 11 – RETAINED EARNINGS

This account consists of:

	December 31	
	2024	2023
Retained earnings at beginning of year	4,714,337	2,013,886
Net Income	3,324,863	2,700,451
Total retained earnings at end of year	8,039,200	4,714,337
Appropriated retained earnings at end of year	7,000,000	-
Unappropriated retained earnings at end of year	1,039,200	4,714,337
BALANCE AT END OF YEAR	**8,039,200**	**4,714,337**

Under the Philippine Corporation Code, stock corporations are prohibited from retaining surplus profits in excess of their paid-up capital stock except when justified by any of the reasons mentioned in the Code.

During the year ended December 31, 2024, the Company resolved thru its Board Resolution to appropriate P7,000,000 for the renovation on one of its branches.

NOTE 12 – COST OF SERVICES

This account consists of:

	December 31	
	2024	2023
Food and paper	211,673,172	156,587,161
Salaries and Wages	42,446,867	49,364,021
Depreciation (see note 7)	14,019,710	11,087,150
Light and water	17,396,417	13,454,751
Supplies	8,512,937	7,355,622
Repairs and Maintenance	3,865,981	3,010,535
Miscellaneous	7,158,967	6,631,221
TOTAL	**305,074,051**	**247,490,461**

Details of food supplies, processed inventories, packaging, paper and novelties cost follow:

	December 31	
	2024	2023
Inventory, January 1	4,832,891	3,737,311
Purchases	212,998,285	157,682,741
Inventory, December 31	(6,158,004)	(4,832,891)
TOTAL	**211,673,172**	**156,587,161**

NOTE 13 – OPERATING EXPENSES

This account consists of:

	December 31	
	2024	2023
Royalties	34,713,527	28,231,883
Employee retirement benefits (see note 15)	863,305	863,305
Advertising and promotions	14,215,848	10,599,659
Security services	1,450,566	1,270,143
Taxes and licenses (see note 16)	1,564,587	1,356,865
Transportation and travel	890,456	611,216
Representation and seminars	580,253	506,412
Communication and postage	200,005	167,431
Insurance	230,865	199,698
Rentals (see note 14)	25,075,170	21,644,120
Senior Citizen Discount	4,783,577	4,243,945
TOTAL	**84,568,159**	**69,694,677**

NOTE 14 – OPERATING LEASE AGREEMENTS

The Company leases a commercial space under a long-term lease of 10 years commencing on August 1, 2031. The lease is subject to rent reviews after 10 years. The lease is subject to renewal for another period under the same terms and conditions, subject to the payment of a reasonable monthly rental rate mutually agreed upon by the parties. Monthly rent is also subject to 10% escalation every year.

The minimum lease payments under operating leases recognized as expense during the year amounted to P25,075,170 versus last year P 21,644,120.

At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:

	December 31	
	2024	2023
No later than 1 year	25,075,170	21,644,120
Later than 1 year and no later than 5 years	123,936,090	108,220,600
Later than 5 years	99,148,872	86,576,480

NOTE 15 – INCOME TAXES

On March 26, 2021, the President signed into law the "Corporate Recovery and Tax Incentives for Enterprise Act" or CREATE which seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making it time-bound, targeted and performance based.

Corporate income tax of domestic corporations shall either be 20% or 25%. The 20% rate applies to domestic corporations with a net taxable income not exceeding P5 million AND with total assets not exceeding P100 million. In computing the total assets, the value of the land where the office, plant and equipment are situated during the taxable year is to be excluded.

All other domestic corporations are subject to the 25% corporate income tax rate. Also, MCIT for both domestic and resident foreign corporations have been decreased to 1%.

Section 09 of the Revenue Regulation No 5-2021 provides the mandated rates to be used during the transition period. The current and deferred taxes for financial reporting purposes as of December 31, 2024 are measured using the RCIT/MCIT rate as of December 31, 2024.

The provision for income tax for the years ended December 31 follows:

	2024	2023
Current	1,324,114	847,774
Deferred	(215,826)	(517,983)
INCOME TAX EXPENSE	1,108,288	675,113

The Company recognized employee retirement benefit costs. These amounts are recorded under operating expenses. The deferred income tax asset and the retirement benefits obligation computed at the statutory tax rate as at December 31 are as follows:

	Retirement Benefit		Tax Effect	
	2024	2023	2024	2023
Beginning balance	2,589,915	1,726,610	517,983	345,322
Provision during the year	863,305	863,305	215,826	172,661
Ending balance	3,453,220	2,589,915	733,809	517,983

The reconciliation of the provision for income tax computed at statutory income tax rate to the provision for income tax shown in the statement of income for the current year as follows:

	2024	2023
Income before income taxes	4,433,151	3,375,564
Add (deduct): Reconciling items		-
Taxable income	[illegible]	3,375,564
Statutory rate	25%	20%
Total provision for income tax	1,108,288	675,113

Minimum corporate income tax*:		
Gross income	89,001,310	73,070,241
MCIT rate	2%	1.5%
Minimum corporate income tax	1,780,026	1,096,054

*applicable only beginning the fourth taxable year immediately following the taxable year the corporation commenced its business operations.

Income tax due (RCIT or MCIT, whichever is higher)	1,780,026	1,096,054
Less: Income tax credits		
Quarterly income tax payments	506,857	357,481
Creditable taxes at source		-
INCOME TAX PAYABLE	**1,273,169**	**738,573**

The components of the Company's deferred tax assets are as follows:

	December 31	
	2024	**2023**
Beginning of year	517,983	345,322
Add (deduct):		
Retirement benefits obligation	215,826	172,661
NOLCO	-	-
END OF YEAR	733,809	517,983

NOTE 16 – SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE (BIR)

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

Output value-added tax (VAT)

The amount of output VAT declared during the year ended December 31 follow:

	2024	2023
Gross sales of goods	394,075,361	320,560,702
Less: VAT exempt sales	25,534,601	21,203,623
Net-vatable sale of goods	368,540,760	299,357,079
Output VAT, December 31	44,224,891	35,922,849

Input value-added tax (VAT)

The amount of input VAT claimed during the year ended December 31 follow:

	2024	2023
Current year's domestic purchases/payments		
Goods for resale or further processing	25,040,404	20,970,794
Goods other than for resale	19,379,903	15,456,302
Total Input reported in VAT returns	[illegible]	[illegible]
Input VAT, December 31	[illegible]	[illegible]

All other local and national taxes and licenses

Payments for other taxes and licenses during the year ended December 31 follow:

	2024	2023
Business taxes, licenses and permits	1,519,637	1,325,757
Community tax certificate	21,000	10,500
Other taxes and licenses	23,950	20,608
Total other taxes and licenses paid for the year	1,564,587	1,356,865

Withholding taxes

The amount of withholding taxes paid during the year ended December 31 follow:

	2024	2023
Tax on compensation and benefits	76,813	63,583
Creditable withholding taxes	3,615,997	1,536,278
Final withholding taxes	6,942,705	5,646,377
Total withholding taxes for the year	10,635,515	7,246,238

Importations

The Company has not engaged to importations subject to import and custom duties and tariff fees for the years ended December 31, 2024 and 2023.

Excise tax

The Company has no productions of goods for domestic sales or importation subject to excise taxes for the years ended December 31, 2024 and 2023. Excise tax is a business tax imposed to manufacturers and/or importers of goods including alcohol, tobacco, mineral and petroleum, automobile and non-essential products.

Documentary stamp taxes (DST)

The Company has not engaged with transactions subject to documentary stamp taxes for the years ended December 31, 2024 and 2023.

Tax and other cases

The Company has no imminent cases and/or litigations with the Bureau of Internal Revenue pertaining to company's tax obligations. Likewise, no impending investigations and/or prosecutions in courts and bodies are recorded outside the Bureau of Internal Revenue.

GENCORP INDUSTRIES INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

		December 31		
		2024		2023
UNAPPROPRIATED RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DISTRIBUTION, BEGINNING	Ps.	4,714,338	Ps.	2,013,887
NET INCOME ACTUALLY EARNED / REALIZED DURING THE PERIOD				
Reacquisition of shares		-		-
Net income during the period closed to retained earnings		3,324,863		2,700,451
Non-actual/Unrealized income of tax				
Equity in income of associate/joint venture		-		-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents		-		-
Changes in revaluation increment earned through additional depreciation charge		-		-
Deferred income tax pertaining to property sold		-		-
Unrealized actuarial gain		-		-
Fair value adjustment (M2M gains)		-		-
Fair value adjustment of property resulting to gain		-		-
Adjustment due to deviation from PFRS / GAAP gain		-		-
Other unrealized gains or adjustment to the retained earnings as a result of certain transactions accounted for under PFRS		-		-
Total Non-Actual/Unrealized Income Net of Tax		3,324,863		2,700,451
Non-actual losses				
Depreciation on revaluation increment (after tax)		-		-
Adjustment due to deviation from PFRS / GAAP - loss		-		-
Loss on fair value adjustment of investment property (after tax)		-		-
Net income actually earned during the period		3,324,863		2,700,451
TOTAL UNAPPROPRIATED RETAINED EARNINGS		8,039,201		4,714,338
Dividend declarations during the period		-		-
Appropriations of retained earnings during the period		7,000,000		-
Reversals of appropriations		-		-
Effects of prior period adjustments		-		-
Treasury shares		-		-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDENDS	Ps.	1,039,201	Ps.	4,714,338
Appropriated per financial statements	Ps.	-	Ps.	-
Less appropriation for dividends				
Adjusted appropriated retained earnings		7,000,000		-
Unappropriated per financial statements		1,039,201		4,714,338
Add appropriation for dividends				
Adjusted unappropriated retained earnings available for dividends		1,039,201		4,714,338
TOTAL RETAINED EARNINGS PER FINANCIAL STATEMENTS	Ps.	8,039,201	Ps.	4,714,338

SECURITIES AND EXCHANGE COMMISSION
CERTIFIED TRUE COPY
Page: 26 of 29 pages
Verified by: Date Issued:
C I R D - C R M D

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)

JOSE Q. ELISES
Unit 6 Dakudao Building,
Gov. Duterte Street,
Davao City, Philippines

Telephone: (082) 221-9069
Fax: (6382) 221-9069
Email: jqelises@yahoo.com

THELMA S. CIUDADANO
3rd Flr. JRT Building,
104 V. Ilustre Street,
Davao City, Philippines

Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

"Dedicated to Excellence and Quality Service"

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

We have audited the financial statements of **GENCORP INDUSTRIES INC.** (the "Company") for the year ended **December 31, 2024**, on which we have rendered the attached report dated March 31, 2025.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the said Company has a total number of six (6) stockholders owning one hundred (100) shares or more each.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2027)
SEC Accreditation No. 0161-SEC (AFS 2023-2027)
BSP Accreditation No. 0161-BSP (AFS 2021-2025)
CDA CEA No. 032-AF

By:

JUAN C. FRIVALDO
CPA Certificate No. 0098229 (February 18, 1999)
BOA Accreditation No. 0161/P-003 (November 18, 2027)
BIR AN 19-007743-001-2022 (December 13, 2025)
TIN: 912-933-298
PTR No. 0466263D (January 02, 2025)

Davao City, Philippines
March 31, 2025

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)

"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
Unit 6 Dakudao Building,
Gov. Duterte Street,
Davao City, Philippines

Telephone: (082) 221-9069
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Email: jqelises@yahoo.com

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Telephone: (082) 282-2962
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

Securities and Exchange Commission PHILIPPINES

STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of **GENCORP INDUSTRIES INC.** covering the period **January 1, 2024 to December 31, 2024** that are herewith submitted to the Securities and Exchange Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make this representation in my individual capacity and as a partner in the accounting firm of **ELISES & CIUDADANO (A Professional Firm of Certified Public Accountants)**.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2027)
SEC Accreditation No. 0161-SEC (AFS 2023-2027)
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By:

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TIN: 912-933-298
PTR No. 0466263D (January 02, 2025)

Davao City, Philippines
March 31, 2025

E&C Elises & Ciudadano
(A Professional Firm of Certified Public Accountants)
"Dedicated to Excellence and Quality Service"

JOSE Q. ELISES
Unit 6 Dakudao Building,
Gov. Duterte Street,
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104 V. Ilustre Street,
Davao City, Philippines

Telephone: (082) 282-2983
Fax (6382) 221-2594
Email: thelmaciudadano@yahoo.com

STATEMENT REQUIRED BY SECTION 8-A, REVENUE REGULATIONS NO. V-1

To the Stockholders and the Board of Directors
GENCORP INDUSTRIES INC.
3Flr PVL Bldg Rizal Barangay 3-A (Pob.) Davao City
Davao del Sur, Region XI, Philippines 8000

We, the appointed independent auditor of **GENCORP INDUSTRIES INC.** (the "Company"), do hereby state that we have no financial interest with the Company or any conflict of interest and family relations with its president, manager, or principal stockholders.

The required information regarding taxes is presented in Note 16 of the Notes to Financial Statements.

ELISES & CIUDADANO
(A Professional Firm of Certified Public Accountants)
BOA Accreditation No. 0161 (November 18, 2027)
SEC Accreditation No. 0161-SEC (AFS 2023-2027)
BSP Accreditation No. 0161-BSP (AFS 2021-2025)
CDA CEA No. 032-AF

By:

JUAN C. FRIVALDO
CPA Certificate No. 0098229 (February 18, 1999)
BOA Accreditation No. 0161/P-003 (November 18, 2027)
BIR AN 19-007743-001-2022 (December 13, 2025)
TIN: 912-933-298
PTR No. 0466263D (January 02, 2025)

Davao City, Philippines
March 31, 2025

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-8 . 20 26

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of Twenty nine (29) page (s).

Verified by: dated April 8 20 26

ISSUED TO:

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "DDDDDDDD"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 0 2 1 0 9 0 0 2 5 6 4 4 - 0 2

Company Name

C A L E 8 8 F O O D S C O R P O R A T I O N

Principal Office (No./Street/Barangay/City/Town)Province)

C O G O N V I S A Y A N V I L L A G E C I T Y O F
T A G U M D A V A O T A G U M D A V A O D E L
N O R T E

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
tingson_cherry@yahoo.com		09190949227

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
6	2-Mar	December 31 2021

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
JOSEFINA O. TINGSON	lbtingson.acctg.consultancy@gmail.com		09778404739

Contact Person's Address

Note: In case of death, resignation or cessation of office of the officer designated as contact person,
the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION
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Victoria
Castillo
Mangrobang
Certified Public Accountant

274 Leuterio St., Zone III
Pinamalayan, Or. Mindoro
0917-770-5941

Securities
Exchange
Commission
PHILIPPINES

REPORT OF INDEPENDENT AUDITOR

THE BOARD OF DIRECTORS AND STOCKHOLDERS
CALE88 FOODS CORPORATION
PRK. COGON VISAYAN VILLAGE CITY OF TAGUM (CAPITAL) DAVAO DEL NORTE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of **CALE88 FOODS CORPORATION** which comprise the statements of financial position as at December 31, 2021 (with Comparative figure for December 31, 2020) and the statements of income, statements of changes in equity and statements of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CALE88 FOODS CORPORATION** and cash flows for the year then ended at December 31, 2021 (with Comparative figure for December 31, 2020) in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Corporation in accordance with the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional scepticism throughout the audit, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that Identify during our audit.

Victoria C Mangrobang
VICTORIA CASTILLO MANGROBANG
CERTIFIED PUBLIC ACCOUNTANT
Board Certificate No. 54707
BOA Certificate of Reg. No. 1834
Valid until: November 17, 2024
CDA CEA No: 0025
BIR Accreditation No: 09-005535-001-201 9
P.T.R. No. 2373310A
January 10, 2022
Issued at Pinamalayan, Or. Mindoro
TIN: 162-925-152

RDO NO. 25B - EAST BULACAN
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CALESS FOODS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of *CALESS FOODS CORPORATION* is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year *ended December 31 2021* in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the *CALESS FOODS CORPORATION* 's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the *CALESS FOODS CORPORATION.*'s financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

VICTORIA MANGROBANG, the independent auditor appointed by the stockholders, has audited the financial statements of the *CALESS FOODS CORPORATION* in accordance with Philippine Standards on Auditing, and in his report to the stockholders, have expressed his opinion on the fairness of presentation upon completion of such audit.

MANASES R. CARPIO
Chairman of the Board
Chief Executive Officer

LOURDES LEBOSADA
Chief Financial Officer

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CALE88 FOODS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURNS

The management of **CALE88 FOODS CORPORARTION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representation contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage returns, withholding tax returns, documentary stamp tax returns and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of the company, complete and correct in all material respects. Management likewise affirm that:

a. the Annual Income Tax Return has been prepared in accordance with the provision of the National Internal Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulation NO. 8-2007 and other relevant issuances;

c. **CALE88 FOODS CORPORARTION** has filed all applicable tax returns, reports and statements required to be filed under Philippine Tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except for those contested in good faith.

MANASES R. CARPIO
Chairman of the Board

LOURDES LEBOSADA
Chjef Financial Officer

SECURITIES AND EXCHANGE COMMISSION
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C F R D - C R M D
APR 18 2022
REVENUE OFFICER

Victoria
Castillo
Mangrobang
Certified Public Accountant

274 Leuterio St., Zone III
Pinamalayan, Or. Mindoro
0917-770-5941

Securities
Exchange
Commission
PHILIPPINES

Report of Independent Certified Public Accountant
To accompany Financial Statements for Filing with the Bureau of Internal Revenue & Security and Exchange Commission

THE BOARD OF DIRECTORS AND STOCKHOLDERS
CALE88 FOODS CORPORATION
PRK. COGON VISAYAN VILLAGE CITY OF TAGUM (CAPITAL) DAVAO DEL NORTE

I have examined the financial statements **CALE88 FOODS CORPORATION** for the year then ended December 31, 2021 on which I have rendered the attached report dated April 9, 2022

In compliance with Revenue Regulations V-20, I am stating that:

1. The taxes paid or accrued by the above entity for the year then ended December 31, 2021 are shown in the schedule of taxes and licenses attached to the income tax return.

2. I am not related by consanguinity or affinity to the president, manager and shareholders of the corporation.

Further, in compliance with SRC Rule 68, I am stating that the said corporation has____ stockholders owning 100 or more shares each.

Victoria C Mangrobang
VICTORIA CASTILLO MANGROBANG
CERTIFIED PUBLIC ACCOUNTANT
Board Certificate No. 54707
BOA Certificate of Reg. No. 1834
Valid until: November 17, 2024
CDA CEA No. 0025
BIR Accreditation No. 09-005535-001-2019
P.T.R. No. 2373310A
January 10, 2022
Issued at Pinamalayan, Or. Mindoro
TIN: 162-925-152

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APR 18 2022
REVENUE OFFICER

Victoria
Castillo
Mangrobang
Certified Public Accountant

274 Leuterio St., Zone III
Pinamalayan, Or. Mindoro
0917-770-5941

STATEMENT OF REPRESENTATION

"TO THE SECURITIES AND EXCHANGE COMMISSION"

In connection with my examination of the financial statements of **CALE88 FOODS CORPORATION.** which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with Philippine Financial Reporting Standards (PFRS) in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles; I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the Philippine Financial Reporting Standards (PFRS) promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure on the expression of my opinion or which may necessitate the negation of the expression of an opinion; and
5. That I shall comply with the applicable rule and regulations of the Securities and Exchange Commission in the preparation and submission of the financial statements;
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice I make these representations in my individual capacity.

Victoria C Mangrobang
VICTORIA CASTILLO MANGROBANG
CERTIFIED PUBLIC ACCOUNTANT
Board Certificate No. 54707
BOA Certificate of Reg. No. 1834
Valid until: November 17, 2024
CDA CEA No. 0025
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SECURITIES AND EXCHANGE COMMISSION
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Page: 8 of 21 pages
Verified by: Date Issued:
C R M D

RDO NO. 25B - EAST BULACAN
RECEIVED
APR 2022
MARGO [illegible]
REVENUE OFFICER

CALE88 FOODS CORPORATION
Statement of Comprehensive Income
For the year ended December 31, 2021
(All Amounts in Philippine Pesos)

SERVICE INCOME	-
COST OF SALES	-
GROSS PROFIT FROM OPERATIONS	-
OPERATING EXPENSES	-
NET INCOME BEFORE INCOME TAX	-
INCOME TAX EXPENSE	-
NET INCOME (LOSS) FOR THE YEAR	-

See accompanying Notes to Financial Statements

SECURITIES AND EXCHANGE COMMISSION
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Page: 9 of 21 pages
Verified by: Date Issued:
C F R D - C R M D

RDO NO. 25B - EAST BULACAN
RECEIVED
APR 18 2022
MARCO [illegible] GERARD H. MARONILLA
REVENUE OFFICER

CALE88 FOODS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2021
(All amounts in Philippine Pesos)

PAID UP CAPITAL	125,000.00
Retained Earnings(Deficit) - beg.	-
Income (Loss) for the year	-
Retained Earnings(Deficit) - end	-
TOTAL EQUITY	125,000.00

See accompanying Notes to Financial Statements

CALE88 FOODS CORPORATION
Statement of Financial Position
As of December 31, 2021
(All Amounts in Philippine Pesos)

ASSETS

Current Assets:	
Cash and cash equivalents	643,531.00
Petty Cash Fund	20,000.00
Total Current Assets	663,531.00
Non-Current Assets:	
Property and equipment, net	289,340.00
Total Non-Current Assets	289,340.00
Other Assets:	
Pre Operating Expenses	311,671.00
Leasehold improvement, net	6,460,458.00
Total Other Assets	6,772,129.00
TOTAL ASSETS	7,725,000.00

LIABILITIES AND EQUITY

Current Liabilities:	
Advances from Stockholders	7,600,000.00
Total Current Liabilities	7,600,000.00
Equity	125,000.00
TOTAL LIABILITIES AND EQUITY	7,725,000.00

See accompanying Notes to Financial Statements

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CALE88 FOODS CORPORATION
Statement of Cash Flows
For the year ended December 31, 2021
(All Amounts in Philippine Pesos)

CASH FLOWS FROM OPERATING ACTIVITIES	
Income before tax	-
Adjustments to reconcile net income to net cash provided by operating activities	
Add: Depreciation	
(Increase)/Decrease in:	
Petty Cash Fund	(20,000.00)
Increase/(Decrease) in:	
Advances from Stockholders	7,600,000.00
Net Cash From Operating Activities	7,580,000.00
Income tax expense	-
Net Cash Flows From Operating Activities	7,580,000.00
CASH FLOWS FROM INVESTING ACTIVITES	
Less: Increase in Property & Equipment	-
Furniture & Fixtures & Equipment	(289,340.00)
Pre Operating Expenses	(311,671.00)
Leasehold improvement	(6,460,458.00)
Net cash used in investing activities	(7,061,469.00)
CASH FLOWS FROM FINANCING ACTIVITIES	
Add : Paid-up share capital	125,000.00
Net Cash Flows From Financing Activities	125,000.00
NET INCREASE(DECREASE) IN CASH	643,531.00
CASH, JAN. 1	-
CASH, DEC. 31	643,531.00

See accompanying Notes to Financial Statements

CALE88 FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS

For Period Covering December 31, 2021

1. Reporting Entity

CALE88 FOODS CORPORATION was registered on Securities Exchange and Commission last September 17, 2021 with registration number 2021090025644-02 and also registered on Bureau of Internal Revenue with TIN 602-289-083.CALE88 FOODS CORPORATION was engaged on business to make or manufacturer, process, sell, trade and export food products to bring new and exciting products to the local and international economy. CALE88 FOODS CORPORATION was located at Cogon Visayan Village, City of Tagum (Capital), Davao Del Norte.

2. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention. The financial statements are presented in Philippine pesos, which is the Company's functional currency. All amounts are rounded to the nearest Philippine pesos except when otherwise indicated.The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlements of liabilities in the normal course of business.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Report Statements (PFRS) for Small and Medium sized Entities (SMEs).

Accounting Policies Adopted

The following sections that have been published by the International Accounting Standards Board (IASB) and adopted by the PFRS which became effective for accounting periods beginning on or after January 1, 2010 were adopted by the Company:

The effects of these sections on the Company's accounting policies and on the amounts disclosed in the financial statements are summarized as follows:

Section 3, "Financial Statement Preparation", explains fair presentation of financial statements, what compliance with the PFRS for SMEs requires, and what a complete set of financial statements is. The section prescribes the basis for presentation of general purpose financial statements for SMEs to ensure comparability both with the entities financial statements of previous periods and with the financial statements, guidelines for their structure and minimum requirements for their content.

Section 4, "Statement of Financial Position" sets out the information that is to be presented in a statementof financial position and how to present it. The statement of financial position (sometimes called the balance sheet) presents an entity's assets, liabilities and equity as of a specific date – the end of the reporting period and provides the minimum line items that should be included in the stamen of financial position, however, additional line items, heading and subtotals shall be presented if they will be relevant to an understanding of the entity's financial position.

Section 5, 'Statement of Comprehensive Income and Income Statement" Requires an entity to present its total comprehensive income for a period – i.e. its financial performance for the period – in one or two financial statements. It sets out the information that is to be presented in those statements and how to present it.

Section 6, "Statement of Changes in Equity" sets out requirements for presenting the changes in an entity's equity or a period, either in a statement of changes in equity or, if specified conditions are met and an entity chooses, in a statement of income and retained earnings.

Section 7, "Statement of Cash Flows" sets out the information that is to be presented in a statement of cash flows and how to present it. The statement of cash flows provides information about the changes in cash and cash equivalents of an entity for a reporting period, showing separately changes from operating activities, investing activities and financing activities.

Section 8, "Notes to Financial Statement", sets out the principles underlying information that is to be presented in the notes to the financial statements and how to present it. Notes provide narrative description or desegregation of items presented in those statements and information about items that do not qualify for recognition in those statements. In addition to the requirements of this section, nearly every other section of the PFRS requires disclosures that are normally presented in the notes.

Section 9, "Consolidated and Separate Financial Statements", prescribes the preparation and presentation of consolidated financial statement for a group of entities under the control of a parent and accounting for investments in subsidiaries, jointly controlled entities and associates when an entity elects, or required by local regulation, to present separate financial statements.

Section 10, "Accounting Policies, Estimates and Error", provide guidance for selecting and applying the accounting policies used in preparing financial statements. It also covers changes in accounting estimates and corrections of errors in prior period financial statements.

Section 11, "Basic Financial Instruments", deals with recognizing, measuring and disclosing basic financial instruments and is relevant to all entities. An entity shall recognize a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instruments. When a financial assets or financial liability is recognize initially, an entity shall measure it at the transaction price unless the arrangement constitutes, in effect, a financing transaction.

Section 20, "Leases", applies to agreements that transfer the right to uses assets even though substantial services by the lessor may be called for in connection with the operation or maintenance of such assets. This section does not apply to agreements that are contracts for service that do not transfer the right to use assets from one contracting party to the other. Its objective is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to lease.

Section 21, "Provisions and Contingencies", outlines the recognition of provisions only when: (a) the entity has an obligation at the reporting date as result of a past event; (b) it is probable (i.e. more likely may not) that the entity will be required to transfer economic benefits in settlement; and (c) the amount of the obligation can be estimated reliably. Its objective is to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing, and amount.

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Section 22, "Liabilities and Equity", establishes principles for classifying financial instruments as either liabilities or equity and addresses accounting for equity instruments issued to individuals or other parties acting in their capacity as investors in equity instruments (i.e. in their epacity as owners).

Section 23, "Revenue", prescribes the accounting treatment of revenue arising from certain types of transactions and events. The primary issue in accounting for revenue is determining when recognize revenue. Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. This section identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognized. It also provides practical guidance on the application of these criteria. An entity shall measure revenue at the fair value of the consideration received or receivable.

Section 27, "Impairment of Assets", prescribes the procedures that an entity applies to ensure that is assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered though the use if or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss.

Section 32, "Events after the End of the Reporting period", defines events after the end of the reporting period and sets out principles for recognizing, measuring and disclosing those events. Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized issue. Its objective is to prescribe: (a) when an entity should adjust its financial statements for events after the reporting period; and (b) the disclosure that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period. It also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate.

Section 33, "Related Party Disclosures", requires an entity to include in its financial statements the disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties. An entity shall disclose key management personnel compensation.

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the minimum amount of the consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amount is recognized in the consolidated statements in income.

Securities Exchange Commission PHILIPPINES

Impairment of Non-financial Assets

The Company assesses as at reporting date whether there is an indication that the property, plant and equipment and intangible asset may be impaired. If any such indicate exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash generating unit's fair value less costs to sell and its value in use or its net selling price and determined for an i8ndividual asset, unless the asset does not generate cash inflows that are largely independent of those asset or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statements on income in those expense categories consistent with the function of the impaired asset.An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable since the last impairment loss was recognized. It that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss had been recognized for the asset in prior years. Such reversal is recognized on the statement of income unless the asset is carried revalued amount, in which case the reversal is treated a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Property, Plant and Equipment

Property, plant and equipment, except for land and buildings, including improvements, which are stated at its revalued amounts, are stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and any impairment in value. Such costs include the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met.

Section 35, "Transition to the PFRS for SMEs", applies to a first-time adopter of the PFRS for SMEs, regardless of whether, its previous accounting framework was full of PFRSs or another set of generally accepted accounting principles (GAAP) such as its national accounting standards or another framework such as the local income tax basis.
The adoption of the above sections, upon which the Company has opted to adopt, did not have any significant effect on the Company's financial statements. These, however, require additional disclosures on the Company's financial statements.The significant sections and practices of the Company are set forth to facilitate the understanding of the financial statements.

Financial Assets

Financial assets include cash, trade receivables.

Cash

Cash are stated at face value. Cash includes cash on hand and cash in bank. Cash in bank represents current account deposit in local banks which do not earn interest. The Company

reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures. Cash in banks are unrestricted and immediately available for use in their current operations. Cash on hand are undeposited collections as of the end of the period which will be deposited on the next banking day. Revolving fund are working funds wherein small amount of expenses are being disbursed.

Financial Liabilities

Financial liabilities consist of trade and other payables.Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Trade and other payables

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with supplier.Other payables include accrued expenses.Trade and other payables are initially recorded at invoice price and subsequently measured at their cost less settlement payments.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and reward of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Land and land improvements and buildings and buildings improvements carried at revalued amounts are measured at fair value less depreciation on land improvements and buildings and building improvements and any impairment charged subsequent to the date of the revaluation.Any increase in the carrying amount of the property, plant and equipment as a result of a revaluation, shall be recognized in the statement of comprehensive income as OCI and accumulated in equity under the heading of "Revaluation increment in property." However, the increase shall be recognize in profit or loss to the extent that it reverses a revaluation decrease of the same asset as previously recognized as profit or loss.Any decrease in the carrying amount in the property, plant and equipment as a result of revaluation, shall be recognized in profit or loss. However, the decrease shall be recognized as OCI to the extent of any credit balance existing in the "Revaluation increment in property" in respect of that asset. The decrease recognized in OCI will reduce the amount of accumulated in equity under the heading of "Revaluation increment in property".

Equity

Ordinary shares are classified as equity using the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of the new shares or options are shown in equity as a deduction from the proceeds, net of tax. The costs of acquiring the Company's own shares are shown as deduction from the equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such share are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects and is included in equity attributable to the Company's equity holder.Share premium includes any premiums received on the initial issuance of capital stock. Any transaction [illegible] the issuance of shares are deducted from the share premium, net of any related income tax benefits. Cumulative earnings

(deficit) include all current and prior period results of operations as disclosed in the statement of comprehensive income.

Provisions and Contingencies
Provisions are recognized when a Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably. When the Company expects reimbursement of some or all of the expenditure require to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain the reimbursement will be received when the obligation is settled.The amount of provisions recognized is the best estimated of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to the settle the present obligation, its carrying amount is the present value of those cash flows.Provision are reviewed at each reporting date and adjusted to reflect the current best estimates.Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of resources embodying economic benefits is probable.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an enterprise. Revenue is shown net of value added tax (VAT), sales discount, returns and rebates. The following specific recognition criteria must also be met before revenue is recognized.Revenue from sales is recognized when the significant risks and rewards of ownership of the goods have passed to the customer.

Cost and Expense Recognition
Cost and expense are recognized in the statements of income when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in the statement of comprehensive income on the basis of direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirect determined, or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset. Costs and expenses in the statement of comprehensive income are presented using the function expense method. Administrative expenses are costs attributable to administrative activities of the Company.

Short Term Benefits
The Company recognizes a liability net of amounts already paid and an expense for service rendered by employees during the accounting period. Short term benefits given by the Company to its employees include salaries and wages, social security contributions, short term compensate absences, bonuses and other non-monetary benefits, if any.

Income Taxes

Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws to compute the amount are those that are enacted or substantively enacted by the reporting date.Deferred income tax, if any is provided, using the balance sheet liability method, on all temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carry forward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable and taxable profit will be available against which the deductible temporary differences and carry forward of NOLCO can be utilized.The carrying amount of deferred tax assets, if any, is reviewed at each reporting period and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.Deferred tax asset and liabilities, if any, are measured at the tax rates expected in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Related Party Disclosures

Related party relationship exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This include: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individual owning, directly or indirectly, an interest in voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.The key management personnel of the Company and post-employment benefit plans for the benefit of the Company's employees, if any, are also considered to be related parties.The Company's related parties include the Company's Key Management. The compensation of the key management personnel of the Company pertains to the usual monthly salaries and government mandated bonuses; there are no other special benefits paid to the management personnel.

Events After the End of the Reporting Period

Post – year – end events up to the date of the auditor's report that provide additional information about the company's position at the reporting date (adjusting events) are reflected in the financial statements. Post – year – end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with Financial Reporting Framework (in reference to the Philippine Financial Reporting Standards) requires management to make estimates and assumptions that affects the amount reported in the Company's financial statements are based upon management's evaluations of relevant facts and circumstances as of the Company's financial statements. Actual results could differ from such estimates.

Judgments

The preparation of the Company's financial statements in conformity with Financial Reporting Framework (in reference of the Philippine Financial Reporting Standards) requires management to make estimates and assumptions that affects the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon management's evaluations of

relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates, judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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Determining Functional Currency
Based on economic substance of underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine Peso, which is the currency of the primary economic environment in which the Company operates and is the currency that mainly influences of the products and services and the cost of providing such products and services.

Operating lease commitments – Company as lessor
The Company has entered into commercial property leases with the third party on its property portfolio. The Company has determined that it retains all significant risks and rewards of ownership of the properties being leased out on operating leases.

Operating lease commitments – Company as lessee
The Company has entered into commercial property leases. Substantially a, all risks and rewards of ownership of the leased items are not transferred to the Company.

Estimates and Assumptions
In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The following represents a summary of the significant estimates and judgments and related impact and associated risks in the Company's financial statements.

Impairment of Non-financial assets
The company assesses the value of the property, plant and equipment and intangible assets which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude the property and equipment and other long-lived assets are impaired. Any resulting impairment loss could have material adverse impact on Company's financial condition and results of operations.The preparation of the estimated future cash flows involves significant judgments and estimations. While the Company believed that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment changes.

Estimating realizability of differed income tax assets
The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. The Company's assessment on the recognition of deferred income tax assets on nondeductible temporary

differences is based on the budgeted taxable income of the following reporting period. This budget is based on the Company's past results and future expectations on revenues and expenses.

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Revenue Recognition

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenue and receivables. Differences between the amounts initially recognized the actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future period.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY ONE (21) page (s).

Verified by: __________ dated APRIL-10, 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "EEEEEEEE"

Securities and Exchange Commission
PHILIPPINES

COVER SHEET

SEC Registration Number

2021090025644-02

Company Name

CALE 88 FOODS CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

COGON VISAYAN VILLAGE CITY OF
TAGUM DAVAO TAGUM DAVAO DEL
NORTE

Form Type

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
tingson_cherry@yahoo.com		09190949227

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
3	2-Mar	DECEMBER 31 2022

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
LOURDES LEBOSADA	tingson_cherry@yahoo.com		09177040828

Contact Person's Address

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Page: √ of 21 pages
Verified by: Date Issued:
CTRD CRMD

Note: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

Victoria
Castillo
Mangrobang
Certified Public Accountant

274 Leuterio St., Zone III
Pinamalayan, Or. Mindoro
0917-770-5941

REPORT OF INDEPENDENT AUDITOR

THE BOARD OF DIRECTORS AND STOCKHOLDERS
CALE88 FOODS CORPORATION
COGON VISAYAN VILLAGE CITY OF TAGUM (CAPITAL) DAVAO DEL NORTE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of **CALE88 FOODS CORPORATION** which comprise the statements of financial position as at December 31, 2022 (with Comparative figure for December 31, 2021) and the statements of income, statements of changes in equity and statements of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CALE88 FOODS CORPORATION** and cash flows for the year then ended at December 31, 2022 (with Comparative figure for December 31, 2021) in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Corporation in accordance with the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional scepticism throughout the audit, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that Identify during our audit.

Victoria C Mangrobang
VICTORIA CASTILLO MANGROBANG
CERTIFIED PUBLIC ACCOUNTANT
Board Certificate No. 54707
BOA Certificate of Reg. No. 1834
Until November 17, 2024
CDA CEA No. 0025
BIR Accreditation No: 09-005535-001-2022
P.T.R. No: 3125216A
January 09, 2023
Issued at Pinamalayan, Or. Mindoro
TIN: 162-925-152

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APR 08 2023

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CALE88 FOODS CORPORATION** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2022 (with Comparative figure for December 31, 2021). In accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the or to cease operations, or has no realistic alternative but to do so.

The Board of Directors (Trustees) is responsible for overseeing the Company's financial reporting process.

The Board of Directors (Trustees) reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders or members

VICTORIA C. MANGROBANG the independent auditors, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders or members has expressed its opinion on the fairness of presentation upon completion of such audit.

____
CHAIRMAN OF THE BOARD

____
CHIEF CORPORATE SECRETARY

____
CHIEF FINANCIAL OFFICERS

SUBSCRIBED AND SWORN to before me this __________day of ________20__ affiants exhibiting to me their Tax Identification Nos. as follows:

NAME	TIN

Doc No. ____________
Page No. ____________
Book No. ____________
Series of ____________

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **CALE88 FOODS CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022 (with Comparative figure for December 31, 2021). Management likewise responsible for all information and representations contained in the financial statements accompanying the (Annual Income Tax or Annual Information Return) covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, documentary stamps tax returns, and any all other tax returns.

In this regard, the Management affirms that attached audited financial statements for the year ended December 31, 2022 (with Comparative figure for December 31, 2021) and the accompanying Annual Income Tax Return are in accordance with the books and records of **CALE88 FOODS CORPORATION** affirms that:

a.) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuances of the Department of Finance and Bureau of Internal Revenue.

b.) Any disparity of figure in the submitted reports arising from the preparation of financial statements pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and record in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c.) The **CALE88 FOODS CORPORATION** has filed all applicable tax returns, report and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

____
CHAIRMAN OF THE BOARD

____
CHIEF CORPORATE SECRETARY

____
CHIEF FINANCIAL OFFICERS

SUBSCRIBED AND SWORN to before me this __________ day of ________ 20__ affiants exhibiting to me their Tax Identification Nos. as follows:

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Victoria
Castillo
Mangrobang
Certified Public Accountant
VCM

274 Leuterio St., Zone III
Pinamalayan, Or. Mindoro
0917-770-5941

STATEMENT OF REPRESENTATION

"TO THE SECURITIES AND EXCHANGE COMMISSION"

In connection with my examination of the financial statements of **CALE88 FOODS CORPORATION.** which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with Philippine Financial Reporting Standards (PFRS) in all cases where I shall express an unqualified opinion. Except that in case of any departure from such principles; I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in misleading statement if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the Philippine Financial Reporting Standards (PFRS) promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure on the expression of my opinion or which may necessitate the negation of the expression of an opinion: and
5. That I shall comply with the applicable rule and regulations of the Securities and Exchange Commission in the preparation and submission of the financial statements;
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice I make these representations in my individual capacity.

Victoria C Mangrobang
VICTORIA CASTILLO MANGROBANG
CERTIFIED PUBLIC ACCOUNTANT
Board Certificate No. 54707
BOA Certificate of Reg. No. 1834
Until November 17, 2024
CDA CEA No. 0025
BIR Accreditation No: 09-005535-001-2022
P.T.R. No: 3125216A
January 09, 2023
Issued at Pinamalayan, Or. Mindoro
TIN: 162-925-152

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Verified by: April 12, 2023
Date Issued:
C F R D - C R M D

Victoria Castillo Mangrobang
Certified Public Accountant

274 Leuterio St., Zone III
Pinamalayan, Or. Mindoro
0917-770-5941

Report of Independent Certified Public Accountant
To accompany Financial Statements for Filing with the Bureau of Internal Revenue & Security and Exchange Commission

THE BOARD OF DIRECTORS AND STOCKHOLDERS
CALE88 FOODS CORPORATION
COGON VISAYAN VILLAGE CITY OF TAGUM (CAPITAL) DAVAO DEL NORTE

I have examined the financial statements **CALE88 FOODS CORPORATION** for the year then ended December 31, 2022 on which I have rendered the attached report dated April 12, 2023

In compliance with Revenue Regulations V-20, I am stating that:

1. The taxes paid or accrued by the above entity for the year then ended December 31, 2022 are shown in the schedule of taxes and licenses attached to the income tax return.

2. I am not related by consanguinity or affinity to the president, manager and shareholders of the corporation.

Further, in compliance with SRC Rule 68, I am stating that the said corporation has____ stockholders owning 100 or more shares each.

Victoria C Mangrobang
VICTORIA CASTILLO MANGROBANG
CERTIFIED PUBLIC ACCOUNTANT
Board Certificate No. 54707
BOA Certificate of Reg. No. 1834
Until November 17, 2024
CDA CEA No. 0025
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April 12, 2023
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CALE88 FOODS CORPORATION
Comparative Statement of Comprehensive Income
For the year ended December 31, 2022 & 2021
(All Amounts in Philippine Pesos)

	2022	2021
SALES	20,199.44	-
COST OF SALES	(11,035.49)	-
GROSS PROFIT FROM OPERATIONS	9,163.95	-
OPERATING EXPENSES	(51,419.00)	-
NET INCOME BEFORE INCOME TAX	(42,255.05)	-
INCOME TAX EXPENSE	-	-
NET INCOME (LOSS) FOR THE YEAR	(42,255.05)	-

See accompanying Notes to Financial Statements

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CALE88 FOODS CORPORATION
Comparative Statements of Changes in Equity
For the years ended December 31, 2022 & 2021
(All amounts in Philippine Pesos)

	2022	2021
PAID UP CAPITAL	125,000.00	125,000.00
Retained Earnings(Deficit) - beg.	-	-
Income (Loss) for the year	(42,255.05)	-
Retained Earnings(Deficit) - end	(42,255.05)	-
TOTAL EQUITY	82,744.95	125,000.00

See accompanying Notes to Financial Statements

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CALE88 FOODS CORPORATION
Comparative Statement of Financial Position
As of December 31, 2022 & 2021
(All Amounts in Philippine Pesos)

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	685,231.44	663,531.00
Inventory	749,295.51	-
Total Current Assets	1,434,526.95	663,531.00
Non-Current Assets:		
Property and equipment, net	4,371,854.00	289,340.00
Land Improvement, net	12,464,693.00	6,460,458.00
Total Non-Current Assets	16,836,547.00	6,749,798.00
Other Assets:		
Pre Operating Expenses	311,671.00	311,671.00
Total Other Assets	311,671.00	311,671.00
TOTAL ASSETS	18,582,744.95	7,725,000.00
LIABILITIES AND EQUITY		
Current Liabilities:		
Advances from Stockholders	18,500,000.00	7,600,000.00
Total Current Liabilities	18,500,000.00	7,600,000.00
Equity	82,744.95	125,000.00
TOTAL LIABILITIES AND EQUITY	18,582,744.95	7,725,000.00

See accompanying Notes to Financial Statements

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SIGNATURE NOT REQUIRED

CALE88 FOODS CORPORATION
Comparative Statement of Cash Flows
For the year ended December 31, 2022 & 2021
(All Amounts in Philippine Pesos)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	(42,255.05)	-
Adjustments to reconcile net income to net cash provided by operating activities		
Add: Depreciation	-	
(Increase)/Decrease in:		
Inventory	(749,295.51)	
Petty Cash Fund	-	-
Increase/(Decrease) in:		
Advances from Stockholders	10,900,000.00	7,600,000.00
Net Cash From Operating Activities	10,108,449.44	7,600,000.00
Income tax expense	-	-
Net Cash Flows From Operating Activities	10,108,449.44	7,600,000.00
CASH FLOWS FROM INVESTING ACTIVITES		
Less: Increase in Property & Equipment	-	-
Furniture & Fixtures & Equipment	(4,082,514.00)	(289,340.00)
Pre Operating Expenses	-	(311,671.00)
Leasehold improvement	(6,004,235.00)	(6,460,458.00)
Net cash used in investing activities	(10,086,749.00)	(7,061,469.00)
CASH FLOWS FROM FINANCING ACTIVITIES		
Add : Paid-up share capital	-	125,000.00
Net Cash Flows From Financing Activities	-	125,000.00
NET INCREASE(DECREASE) IN CASH	21,700.44	663,531.00
CASH, JAN. 1	663,531.00	-
CASH, DEC. 31	685,231.44	663,531.00

See accompanying Notes to Financial Statements

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CALE88 FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS

For Period Covering December 31, 2022

1. Reporting Entity

CALE88 FOODS CORPORATION was registered on Securities Exchange and Commission last September 17, 2021 with registration number 2021090025644-02 and also registered on Bureau of Internal Revenue with TIN 602-289-083.CALE88 FOODS CORPORATION was engaged on business to make or manufacturer, process, sell, trade and export food products to bring new and exciting products to the local and international economy. CALE88 FOODS CORPORATION was located at Cogon Visayan Village, City of Tagum (Capital), Davao Del Norte.

2. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention. The financial statements are presented in Philippine pesos, which is the Company's functional currency. All amounts are rounded to the nearest Philippine pesos except when otherwise indicated.The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlements of liabilities in the normal course of business.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Report Statements (PFRS) for Small and Medium sized Entities (SMEs).

Accounting Policies Adopted

The following sections that have been published by the International Accounting Standards Board (IASB) and adopted by the PFRS which became effective for accounting periods beginning on or after January 1, 2010 were adopted by the Company:

The effects of these sections on the Company's accounting policies and on the amounts disclosed in the financial statements are summarized as follows:

Section 3, "Financial Statement Preparation", explains fair presentation of financial statements, what compliance with the PFRS for SMEs requires, and what a complete set of financial statements is. The section prescribes the basis for presentation of general purpose financial statements for SMEs to ensure comparability both with the entities financial statements of previous periods and with the financial statements, guidelines for their structure and minimum requirements for their content.

Section 4, "Statement of Financial Position" sets out the information that is to be presented in a statementof financial position and how to present it. The statement of financial position (sometimes called the balance sheet) presents an entity's assets, liabilities and equity as of a specific date – the end of the reporting period, and provides the minimum line items that should be included in the stamen of financial position, however, additional line items, heading and subtotals shall be presented if they are relevant to an understanding of the entity's financial position.

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Section 5, 'Statement of Comprehensive Income and Income Statement" Requires an entity to present its total comprehensive income for a period – i.e. its financial performance for the period – in one or two financial statements. It sets out the information that is to be presented in those statements and how to present it.

Section 6, "Statement of Changes in Equity" sets out requirements for presenting the changes in an entity's equity or a period, either in a statement of changes in equity or, if specified conditions are met and an entity chooses, in a statement of income and retained earnings.

Section 7, "Statement of Cash Flows" sets out the information that is to be presented in a statement of cash flows and how to present it. The statement of cash flows provides information about the changes in cash and cash equivalents of an entity for a reporting period, showing separately changes from operating activities, investing activities and financing activities.

Section 8, "Notes to Financial Statement", sets out the principles underlying information that is to be presented in the notes to the financial statements and how to present it. Notes provide narrative description or desegregation of items presented in those statements and information about items that do not qualify for recognition in those statements. In addition to the requirements of this section, nearly every other section of the PFRS requires disclosures that are normally presented in the notes.

Section 9, "Consolidated and Separate Financial Statements", prescribes the preparation and presentation of consolidated financial statement for a group of entities under the control of a parent and accounting for investments in subsidiaries, jointly controlled entities and associates when an entity elects, or required by local regulation, to present separate financial statements.

Section 10, "Accounting Policies, Estimates and Error", provide guidance for selecting and applying the accounting policies used in preparing financial statements. It also covers changes in accounting estimates and corrections of errors in prior period financial statements.

Section 11, "Basic Financial Instruments", deals with recognizing, measuring and disclosing basic financial instruments and is relevant to all entities. An entity shall recognize a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instruments. When a financial assets or financial liability is recognize initially, an entity shall measure it at the transaction price unless the arrangement constitutes, in effect, a financing transaction.

Section 20, "Leases", applies to agreements that transfer the right to uses assets even though substantial services by the lessor may be called for in connection with the operation or maintenance of such assets. This section does not apply to agreements that are contracts for service that do not transfer the right to use assets from one contracting party to the other. Its objective is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to lease.

Section 21, "Provisions and Contingencies", outlines the recognition of provisions only when: (a) the entity has an obligation at the reporting date as result of a past event; (b) it is probable (i.e. more likely may not) that the entity will be required to transfer economic benefits in settlement; and (c) the amount of the obligation can be estimated reliably. Its objective is to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing, and amount.

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Section 22, "Liabilities and Equity", establishes principles for classifying financial instruments as either liabilities or equity and addresses accounting for equity instruments issued to individuals or other parties acting in their capacity as investors in equity instruments (i.e. in their cpacity as owners).

Section 23, "Revenue", prescribes the accounting treatment of revenue arising from certain types of transactions and events. The primary issue in accounting for revenue is determining when recognize revenue. Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. This section identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognized. It also provides practical guidance on the application of these criteria. An entity shall measure revenue at the fair value of the consideration received or receivable.

Section 27, "Impairment of Assets", prescribes the procedures that an entity applies to ensure that is assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered though the use if or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss.

Section 32, "Events after the End of the Reporting period", defines events after the end of the reporting period and sets out principles for recognizing, measuring and disclosing those events. Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized issue. Its objective is to prescribe: (a) when an entity should adjust its financial statements for events after the reporting period; and (b) the disclosure that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period. It also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate.

Section 33, "Related Party Disclosures", requires an entity to include in its financial statements the disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties. An entity shall disclose key management personnel compensation.

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the minimum amount of the consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amount is recognized in the consolidated statements in income.

Impairment of Non-financial Assets

The Company assesses as at reporting date whether there is an indication that the property, plant and equipment and intangible asset may be impaired. If any such indicate exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash generating unit's fair value less costs to sell and its value in use or its net selling price and determined for an i8ndividual asset, unless the asset does not generate cash inflows that are largely independent of those asset or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statements on income in those expense categories consistent with the function of the impaired asset.An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable since the last impairment loss was recognized. It that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss had been recognized for the asset in prior years. Such reversal is recognized on the statement of income unless the asset is carried revalued amount, in which case the reversal is treated a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Property, Plant and Equipment

Property, plant and equipment, except for land and buildings, including improvements, which are stated at its revalued amounts, are stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and any impairment in value. Such costs include the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met.

Section 35, "Transition to the PFRS for SMEs", applies to a first-time adopter of the PFRS for SMEs, regardless of whether, its previous accounting framework was full of PFRSs or another set of generally accepted accounting principles (GAAP) such as its national accounting standards or another framework such as the local income tax basis.

The adoption of the above sections, upon which the Company has opted to adopt, did not have any significant effect on the Company's financial statements. These, however, require additional disclosures on the Company's financial statements.The significant sections and practices of the Company are set forth to facilitate the understanding of the financial statements.

Financial Assets

Financial assets include cash, trade receivables.

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Cash

Cash are stated at face value. Cash includes cash in banks and cash on hand. Cash in bank represents current account deposit in local banks which do not earn interest. The Company

reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures. Cash in banks are unrestricted and immediately available for use in their current operations. Cash on hand are undeposited collections as of the end of the period which will be deposited on the next banking day. Revolving fund are working funds wherein small amount of expenses are being disbursed.

Financial Liabilities

Financial liabilities consist of trade and other payables.Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Trade and other payables

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with supplier.Other payables include accrued expenses.Trade and other payables are initially recorded at invoice price and subsequently measured at their cost less settlement payments.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either; (a) has transferred substantially all the risks and reward of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Land and land improvements and buildings and buildings improvements carried at revalued amounts are measured at fair value less depreciation on land improvements and buildings and building improvements and any impairment charged subsequent to the date of the revaluation.Any increase in the carrying amount of the property, plant and equipment as a result of a revaluation, shall be recognized in the statement of comprehensive income as OCI and accumulated in equity under the heading of "Revaluation increment in property." However, the increase shall be recognize in profit or loss to the extent that it reverses a revaluation decrease of the same asset as previously recognized as profit or loss.Any decrease in the carrying amount in the property, plant and equipment as a result of revaluation, shall be recognized in profit or loss. However, the decrease shall be recognized as OCI to the extent of any credit balance existing in the "Revaluation increment in property" in respect of that asset. The decrease recognized in OCI will reduce the amount of accumulated in equity under the heading of "Revaluation increment in property".

Equity

Ordinary shares are classified as equity using the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of the new shares or options are shown in equity as a deduction from the proceeds, net of tax. The costs of acquiring the Company's own shares are shown as deduction from the equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such share are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects and is included in equity attributable to the Company's equity holder.Share premium includes any premiums received on the initial issuance of capital stock. Any transactions costs associated with the issuance of shares are deducted from the share premium, net of any related income tax benefits.Cumulative earnings

(deficit) include all current and prior period results of operations as disclosed in the statement of comprehensive income.

Provisions and Contingencies

Provisions are recognized when a Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably. When the Company expects reimbursement of some or all of the expenditure require to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain the reimbursement will be received when the obligation is settled.The amount of provisions recognized is the best estimated of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to the settle the present obligation, its carrying amount is the present value of those cash flows.Provision are reviewed at each reporting date and adjusted to reflect the current best estimates.Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of resources embodying economic benefits is probable.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an enterprise. Revenue is shown net of value added tax (VAT), sales discount, returns and rebates. The following specific recognition criteria must also be met before revenue is recognized.Revenue from sales is recognized when the significant risks and rewards of ownership of the goods have passed to the customer.

Cost and Expense Recognition

Cost and expense are recognized in the statements of income when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in the statement of comprehensive income on the basis of direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirect determined, or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset. Costs and expenses in the statement of comprehensive income are presented using the function expense method. Administrative expenses are costs attributable to administrative activities of the Company.

Short Term Benefits

The Company recognizes a liability net of amounts already paid and an expense for service rendered by employees during the accounting period. Short term benefits given by the Company to its employees include salaries and wages, social security contributions, short term compensate absences, bonuses and other non-monetary benefits, if any.

Income Taxes

Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws to compute the amount are those that are enacted or substantively enacted by the reporting date.Deferred income tax, if any is provided, using the balance sheet liability method, on all temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carry forward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable and taxable profit will be available against which the deductible temporary differences and carry forward of NOLCO can be utilized.The carrying amount of deferred tax assets, if any, is reviewed at each reporting period and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.Deferred tax asset and liabilities, if any, are measured at the tax rates expected in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Related Party Disclosures

Related party relationship exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This include: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individual owning, directly or indirectly, an interest in voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.The key management personnel of the Company and post-employment benefit plans for the benefit of the Company's employees, if any, are also considered to be related parties.The Company's related parties include the Company's Key Management. The compensation of the key management personnel of the Company pertains to the usual monthly salaries and government mandated bonuses; there are no other special benefits paid to the management personnel.

Events After the End of the Reporting Period

Post – year – end events up to the date of the auditor's report that provide additional information about the company's position at the reporting date (adjusting events) are reflected in the financial statements. Post – year – end events that are not adjusting events are disclosed in the notes to financial statements when material.

---

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with Financial Reporting Framework (in reference to the Philippine Financial Reporting Standards) requires management to make estimates and assumptions that affects the amount reported in the Company's financial statements are based upon management's evaluations of relevant facts and circumstances as of the Company's financial statements. Actual results could differ from such estimates.

Judgments

The preparation of the Company's financial statements in conformity with Financial Reporting Framework (in reference of the Philippine Financial Reporting Standards) requires management to make estimates and assumptions that affects the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon management's evaluations of

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relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates, judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determining Functional Currency

Based on economic substance of underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine Peso, which is the currency of the primary economic environment in which the Company operates and is the currency that mainly influences of the products and services and the cost of providing such products and services.

Operating lease commitments – Company as lessor

The Company has entered into commercial property leases with the third party on its property portfolio. The Company has determined that it retains all significant risks and rewards of ownership of the properties being leased out on operating leases.

Operating lease commitments – Company as lessee

The Company has entered into commercial property leases. Substantially a, all risks and rewards of ownership of the leased items are not transferred to the Company.

Estimates and Assumptions

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The following represents a summary of the significant estimates and judgments and related impact and associated risks in the Company's financial statements.

Impairment of Non-financial assets

The company assesses the value of the property, plant and equipment and intangible assets which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude the property and equipment and other long-lived assets are impaired. Any resulting impairment loss could have material adverse impact on Company's financial condition and results of operations.The preparation of the estimated future cash flows involves significant judgments and estimations. While the Company believed that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment changes.

Estimating realizability of differed income tax assets

The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. The Company's assessment on the recognition of deferred income tax asset on nondeductible temporary

differences is based on the budgeted taxable income of the following reporting period. This budget is based on the Company's past results and future expectations on revenues and expenses.

Revenue Recognition

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenue and receivables. Differences between the amounts initially recognized the actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future period.

4. OPERATING EXPENSES

This account consists of

		2022
Salary & Wages	P	8,500.00
Gasoline & Fuel		8,176.00
Light & Water		7,906.00
Security Services		26,837.00
TOTAL	P	**51,419.00**

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY ONE (21) page (s).

Verified by: dated APRIL-10 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "FFFFFFFF"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2	0	2	1	0	9	0	0	2	5	6	4	4	-	0	2

Company Name

CALE 88 FOODS CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

COGON VISAYAN VILLAGE CITY OF TAGUM DAVAO TAGUM DAVAO DEL NORTE

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
tingson_cherry@yahoo.com		09190949227

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
6	02-Mar	December 31 2023

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
LOURDES LEBOSADA	tingson_cherry@yahoo.com		09177040828

Contact Person's Address

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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Victoria
Castillo
Mangrobang
VCM

Suite 362, Torre Venezia Suites,
170 Timog Ave., cor. Scout Santiago,
Laging Handa, Quezon City

Securities and
Exchange
Commission
PHILIPPINES

REPORT OF INDEPENDENT AUDITOR

THE BOARD OF DIRECTORS
CALE88 FOODS CORPORATION
Cogon Visayan Village, Tagum City, Davo Del Norte

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of ***CALE88 FOODS CORPORATION*** which comprise the statements of financial position as of December 31, 2023 and the (comparative figures for December 31, 2022) the statements of income, statements of changes in equity and statements of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ***CALE88 FOODS CORPORATION*** and cash flows for the period then December 31, 2023 (with Comparative figure for December 31, 2022) in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Corporation in accordance with the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporati [illegible] process.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional scepticism throughout the audit, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation's to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that Identify during our audit.

Victoria C Mangrobang
VICTORIA CASTILLO MANGROBANG
CERTIFIED PUBLIC ACCOUNTANT
Board Certificate No. 54707
BOA Certificate of Reg. No. 1834 until Nov. 17, 2024
CDA CEA No. 0025
BIR Accreditation No: 09-005535-1-2022 until April 25, 2025
Until April 25, 2025
P.T.R. No 3695315A
Issued at Pinamalayan, Or. Mindoro on January 09, 2024
TIN. 162-925-152

April 5, 2024

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Castillo
Mangrobang
VCM

Suite 362, Torre Venezia Suites,
170 Timog Ave., cor. Scout Santiago,
Laging Handa, Quezon City

Report of Independent Certified Public Accountant
To accompany Income Tax Returns

THE BOARD OF DIRECTORS
CALE88 FOODS CORPORATION
Cogon Visayan Village, Tagum City, Davo Del Norte

I have examined the financial statements of ***CALE88 FOODS CORPORATION*** on which I have rendered the attached report dated April 5, 2024.

In compliance with Revenue Regulations V-20, I am stating that:

1. The taxes paid or accrued by the above entity for the year then ended December 31, 2023 are shown in the schedule of taxes and licenses attached to the income tax return.

2. I am not related by consanguinity or affinity to the president, manager and shareholders of the corporation.

Victoria C Mangrobang
VICTORIA CASTILLO MANGROBANG
CERTIFIED PUBLIC ACCOUNTANT
Board Certificate No. 54707
BOA Certificate of Reg. No. 1834 until Nov. 17, 2024
CDA CEA No. 0025
BIR Accreditation No: 09-005535-1-2022 until April 25, 2025
Until April 25, 2025
P.T.R. No 3695315A
Issued at Pinamalayan, Or. Mindoro on Janary 09, 2024
TIN: 162-925-152

April 5, 2024

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of ***CALE88 FOODS CORPORATION*** is responsible for the preparation and fair presentation of the financial statements for the year ended in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

CALE88 FOODS CORPORATION reviews and approves the financial statements.

VICTORIA CASTILLO MANGROBANG, the independent auditor, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

For:

CEO/President	*Corporate Secretary*	*Corporate Treasurer*

SUBSCRIBED AND SWORN to before me this ______APR day of 2 9 2024 20__ affiants exhibiting to me her Tax Identification Nos. as follows:

NAME	TIN

Doc No. 386
Page No. 77
Book No. 37
Series of 2024

ATTY. SHERRYL JOY N. CASTILLO, CPA
NOTARY PUBLIC FOR DAVAO CITY
Not. Commission Serial No. 2024-177-2025
Until December 31, 2025
PTR No. 9283929c · 12/28/2023 · Davao City
IBP OR No. 37?515 · 12/22/2023
Roll of Attorneys No. 65603
MCLE Compliance No. VII-0005180 · 12/06/2021
TIN No. 915-683-065-000
Dr. 27 Paseo De Roxas, Comm. Complex, Roxas Ave., Davao City

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Victoria
Castillo
Mangrobang
Certified Public Accountant
VCM

Suite 362, Torre Venezia Suites,
170 Timog Ave., cor. Scout Santiago,
Laging Handa, Quezon City

STATEMENT OF REPRESENTATION

"TO THE SECURITIES AND EXCHANGE COMMISSION"

In connection with my examination of the financial statements ***CALE88 FOODS CORPORATION*** which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with Philippine Financial Reporting Standards (PFRS) in all cases where I shall express an unqualified opinion. Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the Philippine Financial Reporting Standards (PFRS) promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure on the expression of my opinion or which may necessitate the negation of the expression of an opinion; and
5. That I shall comply with the applicable rule and regulations of the Securities and Exchange Commission in the preparation and submission of the financial statements.
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity.

Victoria C Mangrobang
VICTORIA CASTILLO MANGROBANG
CERTIFIED PUBLIC ACCOUNTANT
Board Certificate No. 54707
BOA Certificate of Reg. No. 1834 until Nov. 17, 2024
CDA CEA No. 0025
BIR Accreditation No. 09-005535-1-2022 until April 25, 2025
Until April 25, 2025
P.T.R. No. 3895315A
Issued at Pinamalayan, Or. Mindoro on January 09, 2024
TIN 182-975-152

April 5, 2024

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Victoria Castillo Mangrobang
Certified Public Accountant

Suite 362, Torre Venezia Suites,
170 Timog Ave., cor. Scout Santiago,
Laging Handa, Quezon City

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

THE BOARD OF DIRECTORS
CALE88 FOODS CORPORATION
Cogon Visayan Village, Tagum City, Davo Del Norte

I have audited the financial statement of ***CALE88 FOODS CORPORATION*** for the year ended December 31, 2023 (with Comparative figures for December 31, 2022) on which I have rendered the attached report dated April 5, 2024.

In compliance with SRC Rule 68, I am stating that the Company has 5 stockholders owning 100 or more shares each.

Victoria C Mangrobang
VICTORIA CASTILLO MANGROBANG
CERTIFIED PUBLIC ACCOUNTANT
Board Certificate No. 54707
BOA Certificate of Reg. No. 1834 until Nov. 17, 2024
CDA CEA No. 0025
BIR Accreditation No: 09-005535-1-2022 until April 25, 2025
Until April 25, 2025
P.T.R. No. 3695315A
Issued at Pinamalayan, Or. Mindoro on Janary 09, 2024
TIN 162-925-152

April 5, 2024

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CALE88 FOODS CORPORATION
Comparative Statement of Comprehensive Income
For the year ended December 31, 2023 & 2022
(All Amounts in Philippine Pesos)

	2023	2022
SALES	23,154,376.69	20,199.44
COST OF SALES	(23,020,398.28)	(11,035.49)
GROSS PROFIT FROM OPERATIONS	133,978.41	9,163.95
OPERATING EXPENSES	(2,014,760.07)	(51,419.00)
NET INCOME BEFORE INCOME TAX	(1,880,781.66)	(42,255.05)
INCOME TAX EXPENSE	-	-
NET INCOME (LOSS) FOR THE YEAR	(1,880,781.66)	(42,255.05)

See accompanying Notes to Financial Statements

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CALE88 FOODS CORPORATION

Comparative Statements of Changes in Equity

For the years ended December 31, 2023 & 2022

(All amounts in Philippine Pesos)

	2023	2022
PAID UP CAPITAL	125,000.00	125,000.00
Retained Earnings(Deficit) - beg.	(42,255.05)	-
Income (Loss) for the year	(1,880,781.66)	(42,255.05)
Retained Earnings(Deficit) - end	(1,923,036.71)	(42,255.05)
TOTAL EQUITY	(1,798,036.71)	82,744.95

See accompanying Notes to Financial Statements

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CALE88 FOODS CORPORATION
Comparative Statement of Financial Position
As of December 31, 2023 & 2022
(All Amounts in Philippine Pesos)

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	776,052.08	685,231.44
Inventory	1,405,860.96	749,295.51
Total Current Assets	2,181,913.04	1,434,526.95
Non Current Assets:		
Property and equipment, net	3,929,255.10	4,371,854.00
Land Improvement, net	11,841,458.35	12,164,693.00
Total Non-Current Assets	15,770,713.45	16,536,547.00
Other Assets:		
Pre-Operating Expenses	249,336.80	611,671.00
Total Other Assets	249,336.80	611,671.00
TOTAL ASSETS	18,201,963.29	18,582,744.95
LIABILITIES AND EQUITY		
Current Liabilities:		
Advances from Stockholders	20,000,000.00	18,500,000.00
Total Current Liabilities	20,000,000.00	18,500,000.00
Equity	(1,798,036.71)	82,744.95
TOTAL LIABILITIES AND EQUITY	18,201,963.29	18,582,744.95

See accompanying Notes to Financial Statements

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RDO NO. 112, TAGUM CITY
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CALE88 FOODS CORPORATION

Comparative Statement of Financial Position
As of December 31, 2023 & 2022
(All Amounts in Philippine Pesos)

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	776,052.08	685,231.44
Inventory	1,405,860.96	749,295.51
Total Current Assets	2,181,913.04	1,434,526.95
Non-Current Assets:		
Property and equipment, net	3,929,255.10	4,371,854.00
Land Improvement, net	11,841,458.35	12,464,693.00
Total Non-Current Assets	15,770,713.45	16,836,547.00
Other Assets:		
Pre Operating Expenses	249,336.80	311,671.00
Total Other Assets	249,336.80	311,671.00
TOTAL ASSETS	18,201,963.29	18,582,744.95
LIABILITIES AND EQUITY		
Current Liabilities:		
Advances from Stockholders	20,000,000.00	18,500,000.00
Total Current Liabilities	20,000,000.00	18,500,000.00
Equity	(1,798,036.71)	82,744.95
TOTAL LIABILITIES AND EQUITY	18,201,963.29	18,582,744.95

See accompanying Notes to Financial Statements

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CALE88 FOODS CORPORATION
Comparative Statement of Cash Flows
For the year ended December 31, 2023 & 2022
(All Amounts in Philippine Pesos)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	(1,880,781.66)	(42,255.05)
Adjustments to reconcile net income to net cash provided by operating activities		
Add: Depreciation	1,128,167.75	-
(Increase)/Decrease in:		
Inventory	(656,565.45)	(749,295.51)
Petty Cash Fund	-	-
Increase/(Decrease) in:		
Advances from Stockholders	1,500,000.00	10,900,000.00
Net Cash From Operating Activities	90,820.64	10,108,449.44
Income tax expense	-	-
Net Cash Flows From Operating Activities	90,820.64	10,108,449.44
CASH FLOWS FROM INVESTING ACTIVITES		
Less: Increase in Property & Equipment	-	-
Furniture & Fixtures & Equipment	-	(4,082,514.00)
Pre Operating Expenses	-	-
Leasehold improvement	-	(6,004,235.00)
Net cash used in investing activities	-	(10,086,749.00)
CASH FLOWS FROM FINANCING ACTIVITIES		
Add : Paid-up share capital	-	-
Net Cash Flows From Financing Activities	-	-
NET INCREASE(DECREASE) IN CASH	90,820.64	21,700.44
CASH, JAN. 1	685,231.44	663,531.00
CASH, DEC. 31	776,052.08	685,231.44

See accompanying Notes to Financial Statements

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1. Reporting Entity

CALE88 FOODS CORPORATION was registered on Securities Exchange and Commission last September 17, 2021 with registration number 2021090025644-02 and also registered on Bureau of Internal Revenue with TIN 602-289-083.CALE88 FOODS CORPORATION was engaged on business to make or manufacturer, process, sell, trade and export food products to bring new and exciting products to the local and international economy. CALE88 FOODS CORPORATION was located at Cogon Visayan Village, City of Tagum (Capital), Davao Del Norte.

2. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention. The financial statements are presented in Philippine pesos, which is the Company's functional currency. All amounts are rounded to the nearest Philippine pesos except when otherwise indicated.The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlements of liabilities in the normal course of business.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Report Statements (PFRS) for Small and Medium sized Entities (SMEs).

Accounting Policies Adopted

The following sections that have been published by the International Accounting Standards Board (IASB) and adopted by the PFRS which became effective for accounting periods beginning on or after January 1, 2010 were adopted by the Company:

The effects of these sections on the Company's accounting policies and on the amounts disclosed in the financial statements are summarized as follows:

Section 3, "Financial Statement Preparation", explains fair presentation of financial statements, what compliance with the PFRS for SMEs requires, and what a complete set of financial statements is. The section prescribes the basis for presentation of general purpose financial statements for SMEs to ensure comparability both with the entities financial statements of previous periods and with the financial statements, guidelines for their structure and minimum requirements for their content.

Section 4, "Statement of Financial Position" sets out the information that is to be presented in a statementof financial position and how to present it. The statement of financial position (sometimes called the balance sheet) presents an entity's assets, liabilities and equity as of a specific date – the end of the reporting period and provides the minimum line items that should be included in the stamen of financial position, however, additional line items, heading and subtotals sh[illegible] be relevant to an understanding of the entity's financial position[illegible]

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RDO NO. 112, TAGUM CITY
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Section 5, 'Statement of Comprehensive Income and Income Statement" Requires an entity to present its total comprehensive income for a period – i.e. its financial performance for the period – in one or two financial statements. It sets out the information that is to be presented in those statements and how to present it.

Section 6, "Statement of Changes in Equity" sets out requirements for presenting the changes in an entity's equity or a period, either in a statement of changes in equity or, if specified conditions are met and an entity chooses, in a statement of income and retained earnings.

Section 7, "Statement of Cash Flows" sets out the information that is to be presented in a statement of cash flows and how to present it. The statement of cash flows provides information about the changes in cash and cash equivalents of an entity for a reporting period, showing separately changes from operating activities, investing activities and financing activities.

Section 8, "Notes to Financial Statement", sets out the principles underlying information that is to be presented in the notes to the financial statements and how to present it. Notes provide narrative description or desegregation of items presented in those statements and information about items that do not qualify for recognition in those statements. In addition to the requirements of this section, nearly every other section of the PFRS requires disclosures that are normally presented in the notes.

Section 9, "Consolidated and Separate Financial Statements", prescribes the preparation and presentation of consolidated financial statement for a group of entities under the control of a parent and accounting for investments in subsidiaries, jointly controlled entities and associates when an entity elects, or required by local regulation, to present separate financial statements.

Section 10, "Accounting Policies, Estimates and Error", provide guidance for selecting and applying the accounting policies used in preparing financial statements. It also covers changes in accounting estimates and corrections of errors in prior period financial statements.

Section 11, "Basic Financial Instruments", deals with recognizing, measuring and disclosing basic financial instruments and is relevant to all entities. An entity shall recognize a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instruments. When a financial assets or financial liability is recognize initially, an entity shall measure it at the transaction price unless the arrangement constitutes, in effect, a financing transaction.

Section 20, "Leases", applies to agreements that transfer the right to uses assets even though substantial services by the lessor may be called for in connection with the operation or maintenance of such assets. This section does not apply to agreements that are contracts for service that do not transfer the right to use assets from one contracting party to the other. Its objective is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to lease.

Section 21, "Provisions and Contingencies", outlines the recognition of provisions only when: (a) the entity has an obligation at the reporting date as result of a past event; (b) it is probable (i.e. more likely may not) that the entity will be required to transfer economic benefits in settlement; and (c) the amount of the obligation can be estimated reliably. Its objective is to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing, and amoun

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Section 22, "Liabilities and Equity", establishes principles for classifying financial instruments as either liabilities or equity and addresses accounting for equity instruments issued to individuals or other parties acting in their capacity as investors in equity instruments (i.e. in their cpacity as owners).

Section 23, "Revenue", prescribes the accounting treatment of revenue arising from certain types of transactions and events. The primary issue in accounting for revenue is determining when recognize revenue. Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. This section identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognized. It also provides practical guidance on the application of these criteria. An entity shall measure revenue at the fair value of the consideration received or receivable.

Section 27, "Impairment of Assets", prescribes the procedures that an entity applies to ensure that is assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered though the use if or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss.

Section 32, "Events after the End of the Reporting period", defines events after the end of the reporting period and sets out principles for recognizing, measuring and disclosing those events. Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized issue. Its objective is to prescribe: (a) when an entity should adjust its financial statements for events after the reporting period; and (b) the disclosure that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period. It also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate.

Section 33, "Related Party Disclosures", requires an entity to include in its financial statements the disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties. An entity shall disclose key management personnel compensation.

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the minimum amount of the consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

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The difference in the respective carrying amount is recognized in the consolidated statements in income.

Impairment of Non-financial Assets
The Company assesses as at reporting date whether there is an indication that the property, plant and equipment and intangible asset may be impaired. If any such indicate exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash generating unit's fair value less costs to sell and its value in use or its net selling price and determined for an i8ndividual asset, unless the asset does not generate cash inflows that are largely independent of those asset or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statements on income in those expense categories consistent with the function of the impaired asset.An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable since the last impairment loss was recognized. It that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss had been recognized for the asset in prior years. Such reversal is recognized on the statement of income unless the asset is carried revalued amount, in which case the reversal is treated a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Property, Plant and Equipment
Property, plant and equipment, except for land and buildings, including improvements, which are stated at its revalued amounts, are stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and any impairment in value. Such costs include the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met.

Section 35, "Transition to the PFRS for SMEs", applies to a first-time adopter of the PFRS for SMEs, regardless of whether, its previous accounting framework was full of PFRSs or another set of generally accepted accounting principles (GAAP) such as its national accounting standards or another framework such as the local income tax basis.
The adoption of the above sections, upon which the Company has opted to adopt, did not have any significant effect on the Company's financial statements. These, however, require additional disclosures on the Company's financial statements.The significant sections and practices of the Company are set forth to facilitate the understanding of the financial statements.

Financial Assets
Financial assets include cash, trade receivables.

Cash
Cash are stated at face value. Cash includes cash in banks and cash on hand. Cash in bank represents current account deposit in local banks which do not earn interest. The Company

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reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures. Cash in banks are unrestricted and immediately available for use in their current operations. Cash on hand are undeposited collections as of the end of the period which will be deposited on the next banking day. Revolving fund are working funds wherein small amount of expenses are being disbursed.

Financial Liabilities

Financial liabilities consist of trade and other payables.Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Trade and other payables

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with supplier.Other payables include accrued expenses.Trade and other payables are initially recorded at invoice price and subsequently measured at their cost less settlement payments.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and reward of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Land and land improvements and buildings and buildings improvements carried at revalued amounts are measured at fair value less depreciation on land improvements and buildings and building improvements and any impairment charged subsequent to the date of the revaluation.Any increase in the carrying amount of the property, plant and equipment as a result of a revaluation, shall be recognized in the statement of comprehensive income as OCI and accumulated in equity under the heading of "Revaluation increment in property." However, the increase shall be recognize in profit or loss to the extent that it reverses a revaluation decrease of the same asset as previously recognized as profit or loss.Any decrease in the carrying amount in the property, plant and equipment as a result of revaluation, shall be recognized in profit or loss. However, the decrease shall be recognized as OCI to the extent of any credit balance existing in the "Revaluation increment in property" in respect of that asset. The decrease recognized in OCI will reduce the amount of accumulated in equity under the heading of "Revaluation increment in property".

Equity

Ordinary shares are classified as equity using the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of the new shares or options are shown in equity as a deduction from the proceeds, net of tax. The costs of acquiring the Company's own shares are shown as deduction from the equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such share are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects and is included in equity attributable to the Company's equity holder.Share premium includes any premiums received on the initial issuance of capital stock. Any transactions costs associated with the issuance of shares are deducted from the share premium, net of any related income tax benefits.Cumulative earnings

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(deficit) include all current and prior period results of operations as disclosed in the statement of comprehensive income.

Provisions and Contingencies

Provisions are recognized when a Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably. When the Company expects reimbursement of some or all of the expenditure require to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain the reimbursement will be received when the obligation is settled.The amount of provisions recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to the settle the present obligation, its carrying amount is the present value of those cash flows.Provision are reviewed at each reporting date and adjusted to reflect the current best estimates.Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of resources embodying economic benefits is probable.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an enterprise. Revenue is shown net of value added tax (VAT), sales discount, returns and rebates. The following specific recognition criteria must also be met before revenue is recognized.Revenue from sales is recognized when the significant risks and rewards of ownership of the goods have passed to the customer.

Cost and Expense Recognition

Cost and expense are recognized in the statements of income when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in the statement of comprehensive income on the basis of direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirect determined, or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset. Costs and expenses in the statement of comprehensive income are presented using the function expense method. Administrative expenses are costs attributable to administrative activities of the Company.

Short Term Benefits

The Company recognizes a liability net of amounts already paid and an expense for service rendered by employees during the accounting period. Short term benefits given by the Company to its employees include salaries and wages, social security contributions, short term compensate absences, bonuses and other non-monetary benefits, if any.

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Income Taxes

Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws to compute the amount are those that are enacted or substantively enacted by the reporting date.Deferred income tax, if any is provided, using the balance sheet liability method, on all temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carry forward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable and taxable profit will be available against which the deductible temporary differences and carry forward of NOLCO can be utilized.The carrying amount of deferred tax assets, if any, is reviewed at each reporting period and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.Deferred tax asset and liabilities, if any, are measured at the tax rates expected in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Related Party Disclosures

Related party relationship exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This include: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individual owning, directly or indirectly, an interest in voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.The key management personnel of the Company and post-employment benefit plans for the benefit of the Company's employees, if any, are also considered to be related parties.The Company's related parties include the Company's Key Management. The compensation of the key management personnel of the Company pertains to the usual monthly salaries and government mandated bonuses; there are no other special benefits paid to the management personnel.

Events After the End of the Reporting Period

Post – year – end events up to the date of the auditor's report that provide additional information about the company's position at the reporting date (adjusting events) are reflected in the financial statements. Post – year – end events that are not adjusting events are disclosed in the notes to financial statements when material.

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3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with Financial Reporting Framework (in reference to the Philippine Financial Reporting Standards) requires management to make estimates and assumptions that affects the amount reported in the Company's financial statements are based upon management's evaluations of relevant facts and circumstances as of the Company's financial statements. Actual results could differ from such estimates.

Judgments

The preparation of the Company's financial statements in conformity with Financial Reporting Framework (in reference of the Philippine Financial Reporting Standards) requires management to make estimates and assumptions that affects the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon management's evaluations of

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relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates, judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determining Functional Currency

Based on economic substance of underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine Peso, which is the currency of the primary economic environment in which the Company operates and is the currency that mainly influences of the products and services and the cost of providing such products and services.

Operating lease commitments – Company as lessor

The Company has entered into commercial property leases with the third party on its property portfolio. The Company has determined that it retains all significant risks and rewards of ownership of the properties being leased out on operating leases.

Operating lease commitments – Company as lessee

The Company has entered into commercial property leases. Substantially a. all risks and rewards of ownership of the leased items are not transferred to the Company.

Estimates and Assumptions

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The following represents a summary of the significant estimates and judgments and related impact and associated risks in the Company's financial statements.

Impairment of Non-financial assets

The company assesses the value of the property, plant and equipment and intangible assets which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude the property and equipment and other long-lived assets are impaired. Any resulting impairment loss could have material adverse impact on Company's financial condition and results of operations.The preparation of the estimated future cash flows involves significant judgments and estimations. While the Company believed that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment changes.

Estimating realizability of differed income tax assets

The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. The Company's assessment on the recognition of deferred income tax asset on nondeductible temporary

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differences is based on the budgeted taxable income of the following reporting period. This budget is based on the Company's past results and future expectations on revenues and expenses.

Revenue Recognition

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenue and receivables. Differences between the amounts initially recognized the actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future period.

4. COST OF SALES

This account consists of

		2023		2022
Beginning Inventory	P	749,295.51	P	-
Production Supplies		18,259,115.93		587,696.00
Plant Supplies		-		172,635.00
Total	P	19,008,411.44	P	760,331.00
Inventory		(1,405,860.96)		(749,295.51)
Direct labor		3,321,554.94		-
Factory Overhead		2,096,292.85		-
Total	P	23,020,398.27	P	11,035.49

5. OPERATING EXPENSES

This account consists of

		2023		2022
Salary & Wages	P	205,000.00	P	8,500.00
Gasoline & Fuel		-		8,176.00
Light & Water		99,530.32		7,906.00
Logistics		582,062.00		-
Depreciation		1,128,167.75		-
Security Services		-		26,837.00
TOTAL	P	2,014,760.07	P	51,419.00

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REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-8, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of Twenty Two (22) page (s).

Verified by: __________ dated April 8 2026

ISSUED TO:

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "GGGGGGGG"

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-RT
January 2018(ENCS)
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two copies MUST be filled with the BIR and one held by the taxpayers.

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1 For ● Calendar ○ Fiscal
2 Year Ended (MM/20YY) 12 - December 20 23
3 Amended Return? ● Yes ○ No
4 Short Period Return ○ Yes ● No
5 Alphanumeric Tax Code (ATC) IC 055–Minimum Corporate Income Tax(MCIT) IC010 - CORPORATION IN GENERAL - JAN 1, 2009 ●

Part I - Background Information

6 Tax Identification Number (TIN) 626 - 216 - 553 - 00000
7 RDO Code 116

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
MATI CITY ICE PLANT AND COLD STORAGE INC

9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*
LOWER TAGAWISAN BADAS CITY OF MATI DAVAO ORIENTAL

9A ZIP Code 8200

10 Date of Incorporation/Organization *(MM/DD/YYYY)* 03/19/2023
11 Contact Number 09533002126

12 Email Address bizliteinfo@gmail.com

13 Method of Deductions ● Itemized Deductions [Section 34 (A-J), NIRC] ○ Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Tax Due	0
15 Less: Total Tax Credits/Payments	0
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15)*	0
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Items 16 and 20)*	0

If Overpayment, mark one(1) box only *(Once the choice is made, the same is irrevocable)*
○ To be refunded ○ To be issued a Tax Credit Certificate (TCC) ○ To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, attach authorization letter)*

MANASES R. CARPIO	DEXTER CICERO R. LATAYAN	22 Number of Attachments
Signature over Printed Name of President/Principal Officer/Authorized Representative	Signature over Printed Name of Treasurer/Assistant Treasurer	000
Title of Signatory ____ TIN ____	Title of Signatory ____ TIN ____	

Part III - Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date*(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				
26 Others*(Specify Below)*				0

Machine Validation/Revenue Official Receipt Details *[If not filed with an Authorized Agent Bank(AAB)]*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

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Page: 7 of 11 pages
Verified by: ________ Date Issued: ________
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January 2018(ENCS)
Page 3

Annual Income Tax Return
Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P3

Taxpayer Identification Number(TIN) 626 216 553 00000

Registered Name MATI CITY ICE PLANT AND COLD STORAGE INC

Part VI - Schedules

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1	Amortization	0
2	Bad Debts	0
3	Charitable and Other Contributions	0
4	Depletion	0
5	Depreciation	0
6	Entertainment, Amusement and Recreation	0
7	Fringe Benefits	0
8	Interest	0
9	Losses	0
10	Pension Trusts	0
11	Rental	0
12	Research and Development	0
13	Salaries, Wages and Allowances	0
14	SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15	Taxes and Licenses	394,939
16	Transportation and Travel	0
17	Others(Deductions Subject to Withholding Tax and Other Expenses) *(Specify below; Add additional sheet(s), if necessary)*	
a	Janitorial and Messengerial Services	0
b	Professional Fees	0
c	Security Services	0
d		0
e		0
f		0
g		0
h		0
i		0
18	**Total Ordinary Allowable Itemized Deductions** *(Sum of Items 1 to 17i)*	394,939

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4)*		

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January 2018(ENCS)
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Annual Income Tax Return
Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P2

Taxpayer Identification Number(TIN) 626 216 553 00000

Registered Name MATI CITY ICE PLANT AND COLD STORAGE INC

Part IV - Computation of Tax

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

27 Sales/Revenues/Receipts/Fees	0
28 Less:Sales Returns, Allowances and Discounts	0
29 Net Sales/Revenues/Receipts/Fees *(Item 27 Less Item 28)*	0
30 Less: Cost of Sales/Services	0
31 Gross Income from Operation *(Item 29 less Item 30)*	0
32 Add: Other Taxable Income Not Subjected to Final tax	0
33 Total Taxable Income *(Sum of Items 31 and 32)*	0
Less: Deductions Allowable under Existing Law	
34 Ordinary Allowable Itemized Deductions	394,939
35 Special Allowable Itemized Deductions	0
36 NOLCO *(Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)(A)(6)(b) of Tax code, as amended)*	0
37 Total Deductions *(Sum of Items 34 to 36)*	394,939
OR *[in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction (OSD) *(40% of Item 33)*	0
39 Net Taxable Income/(Loss) *(If itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	(394,939)
40 Applicable Income Tax Rate	20 %
41 Income Tax Due other than Minimum Corporate Income Tax(MCIT) *(Item 39 x Item 40)*	0
42 MCIT Due *(2% of Item 33)*	0
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)*	0
Less: Tax Credits/Payments(attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits	0
Other Credits/Payments *(Specify)*	
53	0
54	0
55 Total Tax Credits/Payments *(Sum of Items 44 to 54)*	0
56 Net Tax Payable (Overpayment) *(Item 43 Less Item 55)*	0

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add:Special Tax Credits	0
59 Total Tax Relief Availment *(Sum of Items 57 & 58)*	0

SECURITIES AND EXCHANGE COMMISSION
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1702-RT
January 2018(ENCS)
Page 4

Annual Income Tax Return
Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P4

Taxpayer Identification Number(TIN): 626 216 553 00000

Registered Name: MATI CITY ICE PLANT AND COLD STORAGE INC

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1	Gross Income	0
2	Less: Ordinary Allowable Itemized Deductions	394,939
3	Net Operating Loss *(Item 1 Less Item 2) (To Schedule IIIA,Item 7A)*	(394,939)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO)

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

	Year Incurred	Net Operating Loss A) Amount	B) NOLCO Applied Previous Year/s
4	2023	394,939	0
5		0	0
6		0	0
7		0	0

Continuation of Schedule IIIA *(Item numbers continue from table above)*

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4	0	0	394,939
5	0	0	0
6	0	0	0
7	0	0	0
8	**Total NOLCO** *(Sum of Items 4D to 7D)*	0	

Schedule IV -Computation of Minimum corporate Income Tax(MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	**Total Excess MCIT Applied** *(Sum of Items 1F to 3F)*		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per Books	(394,939)
	Add: Non-deductible Expenses/Taxable Other Income	
2		0
3		0
4	Total *(Sum of Items 1 to 3)*	(394,939)
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5		0
6		0
	B) Special Deductions	
7		0
8		0
9	Total *(Sum of Items 5 to 8)*	0
10	**Net taxable Income (Loss)** *(Item 4 Less Item 9)*	(394,939)

SECURITIES AND EXCHANGE COMMISSION
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Page: 5 of 11 pages
Verified by: Date Issued:
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MATI CITY ICE PLANT AND COLD STORAGE INC
Lower Tagawisan, Badas, City of Mati, Davao Oriental

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX

The Management of **MATI CITY ICE PLANT AND COLD STORAGE INC** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax return filed for the reporting period, including, but not limited to the value added tax, and percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns. In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **MATI CITY ICE PLANT AND COLD STORAGE INC** complete and correct in all material respects. Management likewise affirms that:

a) The Annual Income Tax Return has been prepared in accordance with the provision of National Internal Revenue Code as amended and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b) Any disparity of figures in the submitted report arising from the preparation of financial statements pursuant to financial accounting standard and the preparation of income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulation No. 8-2007 and other relevant issuances;

c) MATI CITY ICE PLANT AND COLD STORAGE INC has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other imposition's shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Manases R. Carpio

MANASES R. CARPIO
Chairman of the Board and President

DEXTER CICERO R. LATAYAN
Chief Financial Officer

Signed this 31st day of March 2025
At Davao City, Philippines

MATI CITY ICE PLANT AND COLD STORAGE
Lower Tagawisan, Badas, City of Mati, Davao Oriental

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MATI CITY ICE PLANT AND COLD STORAGE** is responsible for the presentation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders or members.

RANIL D. MELGO, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness or presentation upon completion of such audit.

MANASES R. CARPIO
Chairman of the Board & President

DEXTER CICERO R. LATAYAN
Chief Financial Officer

Signed this 31st day of March 2025
At Davao City, Philippines

MATI CITY ICE PLANT AND COLD STORAGE INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023
(Amounts in Philippine Peso)

	Note	2023
ASSETS		
Current Assets		
Cash and cash equivalents	4	**₱ 1,719,335**
Total Current Assets		**1,719,335**
Noncurrent Assets		
Property, Plant, and Equipment - net	5	**14,511,962**
Other Noncurrent Asset	6	**13,373,764**
Total Noncurrent Assets		**27,885,726**
		₱ 29,605,061
LIABILITIES AND EQUITY		
Current Liabilities		
Total Current Liabilities		**-**
Total Liabilities		**-**
Equity		
Share capital		**₱ 30,000,000**
Authorized - 300,000 shares*		
Subscribed and issued - 300,000 shares*		
Retained earnings (deficit)		**(394,939)**
Total Equity		**₱ 29,605,061**
		₱ 29,605,061

See accompanying Notes to Financial Statements.

MATI CITY ICE PLANT AND COLD STORAGE INC.
STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Philippine Peso)

	Note	2023
REVENUES		₱ -
COST OF REVENUES		-
GROSS INCOME (LOSS)		-
ADMINISTRATIVE AND GENERAL EXPENSES	7	394,939
INCOME BEFORE INCOME TAX		(394,939)
INCOME TAX EXPENSE (BENEFIT)		
Current	8	-
Deferred		-
		-
NET INCOME (LOSS)		(₱ 394,939)

See accompanying Notes to Financial Statements.

MATI CITY ICE PLANT AND COLD STORAGE INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Philippine Peso)

	2023
CAPITAL STOCK - P100 par value	
Authorized - 300,000 shares	
Issued and outstanding - 300,000 shares	30,000,000
Balance at beginning and end of year	₱ 30,000,000
RETAINED EARNINGS	
Beginning of year	₱ –
Net income (loss) during the year	(394,939)
Balance at end of year	(394,939)
	₱ 29,605,061

See accompanying Notes to Financial Statements.

MATI CITY ICE PLANT AND COLD STORAGE INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Philippine Peso)

	2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss) during the year	(₱ 394,939)
Net cash flows provided by (used in) operating activities	(394,939)
CASH FLOWS FROM AN INVESTING ACTIVITY	
Acquisition of properties and equipment	(14,511,962)
Other noncurrent asset	(13,373,764)
Net cash flows provided by investing activity	(27,885,726)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from stock issuance	30,000,000
Net cash provided by (used in) financing activities	30,000,000
NET INCREASE (DECREASE) IN CASH	1,719,335
CASH AT BEGINNING OF YEAR	–
CASH AT END OF YEAR	₱ 1,719,335

See accompanying Notes to Financial Statements.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of ELEVEN (11) page (s).

Verified by: dated APRIL-10 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "HHHHHHHH"

For BIR Use Only
BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-RT
January 2018(ENCS)
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual
Taxpayer Subject Only to REGULAR Income Tax Rate
Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".
Two copies MUST be filled with the BIR and one held by the taxpayers.

1702-RT 01/18ENCS P1

1 For ● Calendar ○ Fiscal
2 Year Ended (MM/20YY) 12 - December 20 24
3 Amended Return? ○ Yes ● No
4 Short Period Return ○ Yes ● No
5 Alphanumeric Tax Code (ATC)
○ IC 055–Minimum Corporate Income Tax(MCIT)
● IC010 - CORPORATION IN GENERAL - JAN 1, 2009

Part I - Background Information

6 Tax Identification Number (TIN) 626 - 216 - 553 - 00000
7 RDO Code 114

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
MATI CITY ICE PLANT AND COLD STORAGE INC

9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)
LOWER TAGAWISAN BADAS CITY OF MATI DAVAO ORIENTAL

9A ZIP Code 8200

10 Date of Incorporation/Organization *(MM/DD/YYYY)* 03/19/2023
11 Contact Number 09533002126

12 Email Address bizliteinfo@gmail.com

13 Method of Deductions ● Itemized Deductions [Section 34 (A-J), NIRC] ○ Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Tax Due	102,947
15 Less: Total Tax Credits/Payments	0
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15)	102,947
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Items 16 and 20)*	102,947

If Overpayment, mark one(1) box only *(Once the choice is made, the same is irrevocable)*
○ To be refunded ○ To be issued a Tax Credit Certificate (TCC) ○ To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If signed by an authorized representative, indicate TIN and attach authorization letter)

MANASES R. CARPIO	DEXTER CICERO R. LATAYAN	22 Number of Attachments
Signature over Printed Name of President/Principal Officer/Authorized Representative	Signature over Printed Name of Treasurer/Assistant Treasurer	000
Title of Signatory TIN	Title of Signatory TIN	

Part III - Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date(MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				
26 Others(Specify Below)				
				0

Machine Validation/Revenue Official Receipt Details (If not filed with an Authorized Agent Bank(AAB))

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

SECURITIES AND EXCHANGE COMMISSION
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Page: 2 of 11 pages
Verified by: Date Issued:
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BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual** **Taxpayer Subject Only to REGULAR Income Tax Rate**	**1702-RT 01/18ENCS P2**

Taxpayer Identification Number(TIN) 626 216 553 00000

Registered Name MATI CITY ICE PLANT AND COLD STORAGE INC

Part IV - Computation of Tax (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

27 Sales/Revenues/Receipts/Fees	7,763,759
28 Less:Sales Returns, Allowances and Discounts	0
29 Net Sales/Revenues/Receipts/Fees *(Item 27 Less Item 28)*	7,763,759
30 Less: Cost of Sales/Services	5,684,712
31 Gross Income from Operation (Item 29 Less Item 30)	2,079,047
32 Add: Other Taxable Income Not Subjected to Final tax	0
33 Total Taxable Income (Sum of Items 31 and 32)	2,079,047
Less: Deductions Allowable under Existing Law	
34 Ordinary Allowable Itemized Deductions	1,564,311
35 Special Allowable Itemized Deductions	0
36 NOLCO (Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)&(A)(6)(b) of Tax code, as amended)	0
37 Total Deductions (Sum of Items 34 to 36)	1,564,311
OR *[in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction (OSD) (40% of Item 33)	0
39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)	514,736
40 Applicable Income Tax Rate	20 %
41 Income Tax Due other than Minimum Corporate Income Tax(MCIT) (Item 39 x Item 40)	102,947
42 MCIT Due (2% of Item 33)	0
43 **Tax Due** (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)	102,947
Less: Tax Credits/Payments(attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits	0
Other Credits/Payments *(Specify)*	
53	0
54	0
55 **Total Tax Credits/Payments** *(Sum of Items 44 to 54)*	0
56 **Net Tax Payable (Overpayment)** (Item 43 Less Item 55)	102,947

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)	0
58 Add:Special Tax Credits	0
59 **Total Tax Relief Availment** (Sum of Items 57 & 58)	0

SECURITIES AND EXCHANGE COMMISSION
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January 2018(ENCS)
Page 3

Annual Income Tax Return
Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P3

Taxpayer Identification Number(TIN) 626 216 553 00000

Registered Name MATI CITY ICE PLANT AND COLD STORAGE INC

Part VI - Schedules
(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s if necessary)

1	Amortization	0
2	Bad Debts	0
3	Charitable and Other Contributions	0
4	Depletion	0
5	Depreciation	0
6	Entertainment, Amusement and Recreation	105,804
7	Fringe Benefits	0
8	Interest	0
9	Losses	0
10	Pension Trusts	0
11	Rental	0
12	Research and Development	0
13	Salaries, Wages and Allowances	911,700
14	SSS, GSIS, Philhealth, HDMF and Other Contributions	58,073
15	Taxes and Licenses	235,617
16	Transportation and Travel	0
17	Others(Deductions Subject to Withholding Tax and Other Expenses) *(Specify below: Add additional sheet(s), if necessary)*	
a	Janitorial and Messengerial Services	0
b	Professional Fees	0
c	Security Services	0
d	COMMUNICATION, LIGHT AND WATER	16,489
e	REPAIRS AND MAINTENANCE	152,516
f	OFFICE SUPPLIES	15,850
g	MISCELLANEOUS	2,262
h	OTHER CONTRACTED SERVICES	27,500
i	FUEL AND OIL	38,500
18	**Total Ordinary Allowable Itemized Deductions** *(Sum of Items 1 to 17i)*	1,564,311

Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s if necessary)

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4)*		

SECURITIES AND EXCHANGE COMMISSION
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Page: 4 of 11 pages
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BIR Form No. **1702-RT** January 2018(ENCS) Page 4	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P4

Taxpayer Identification Number(TIN) 626 | 216 | 553 | 00000

Registered Name MATI CITY ICE PLANT AND COLD STORAGE INC

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1	Gross Income	0
2	Less: Ordinary Allowable Itemized Deductions	0
3	Net Operating Loss *(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Year Incurred	Net Operating Loss A) Amount	B) NOLCO Applied Previous Year/s
4		0	0
5		0	0
6		0	0
7		0	0

Continuation of Schedule IIIA *(Item numbers continue from table above)*

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4	0	0	1,564,311
5	0	0	0
6	0	0	0
7	0	0	0
8 **Total NOLCO** *(Sum of Items 4D to 7D)*		0	

Schedule IV -Computation of Minimum corporate Income Tax(MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4 **Total Excess MCIT Applied** *(Sum of Items 1F to 3F)*			0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per Books	514,736
	Add: Non-deductible Expenses/Taxable Other Income	
2		0
3		0
4	Total *(Sum of Items 1 to 3)*	514,736
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5		0
6		0
	B) Special Deductions	
7		0
8		0
9	Total *(Sum of Items 5 to 8)*	0
10	**Net taxable Income (Loss)** *(Item 4 Less Item 9)*	514,736

MATI CITY ICE PLANT AND COLD STORAGE INC
Lower Tagawisan, Badas, City of Mati, Davao Oriental

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX

The Management of **MATI CITY ICE PLANT AND COLD STORAGE INC** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024 and 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax return filed for the reporting period, including, but not limited to the value added tax, and percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns. In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2024 and 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **MATI CITY ICE PLANT AND COLD STORAGE INC** complete and correct in all material respects. Management likewise affirms that:

a) The Annual Income Tax Return has been prepared in accordance with the provision of National Internal Revenue Code as amended and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b) Any disparity of figures in the submitted report arising from the preparation of financial statements pursuant to financial accounting standard and the preparation of income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulation No. 8-2007 and other relevant issuances;

c) MATI CITY ICE PLANT AND COLD STORAGE INC has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other imposition's shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

MANASES R. CARPIO
Chairman of the Board and President

DEXTER CICERO R. LATAYAN
Chief Financial Officer

Signed this 31st day of March 2025
At Davao City, Philippines

MATI CITY ICE PLANT AND COLD STORAGE
Lower Tagawisan, Badas, City of Mati, Davao Oriental

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MATI CITY ICE PLANT AND COLD STORAGE** is responsible for the presentation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders or members.

RANIL D. MELGO, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness or presentation upon completion of such audit.

MANASES R. CARPIO
Chairman of the Board & President

DEXTER CICERO R. LATAYAN
Chief Financial Officer

Signed this 31st day of March 2025
At Davao City, Philippines

MATI CITY ICE PLANT AND COLD STORAGE INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱ 4,551,795**	₱ 1,719,335
Total Current Assets		**4,551,795**	1,719,335
Noncurrent Assets			
Property, Plant, and Equipment - net	5	**13,852,903**	14,511,962
Other Noncurrent Asset	6	**13,373,764**	13,373,764
Total Noncurrent Assets		**27,226,667**	27,885,726
		₱ 31,778,462	₱ 29,605,061
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and Other Payables	7	**₱ 2,500**	₱ -
Accruals and Other Liabilities	7	**442,375**	-
Total Current Liabilities		**444,875**	-
Noncurrent Liability			
Due to related Parties	8	**1,316,738**	-
Total Noncurrent Liabilities		**1,316,738**	-
Total Liabilities		**1,761,613**	-
Equity			
Share capital		**₱ 30,000,000**	₱ 30,000,000
Authorized - 300,000 shares*			
Subscribed and issued – 300,000 shares*			
Retained earnings (deficit)		**16,850**	(394,939)
Total Equity		**₱ 30,016,850**	₱ 29,605,061
		₱ 31,778,462	₱ 29,605,061

See accompanying Notes to Financial Statements.

**There were no movement in the Company's authorized, subscribed and issued shares in 2024 and 2023.*

MATI CITY ICE PLANT AND COLD STORAGE INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	Note	2024	2023
REVENUES	9	**₱ 7,763,759**	₱ -
COST OF REVENUES	10	**5,684,713**	-
GROSS INCOME (LOSS)		**2,079,046**	-
ADMINISTRATIVE AND GENERAL EXPENSES	11	**1,564,311**	394,939
INCOME BEFORE INCOME TAX		**514,735**	(394,939)
INCOME TAX EXPENSE (BENEFIT)			
Current	12	**102,947**	-
Deferred		-	-
		102,947	-
NET INCOME (LOSS)		**₱ 411,788**	(₱ 394,939)

See accompanying Notes to Financial Statements.

MATI CITY ICE PLANT AND COLD STORAGE INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	2024	2023
CAPITAL STOCK - P100 par value		
Authorized - 300,000 shares		
Issued and outstanding - 300,000 shares	**30,000,000**	30,000,000
Balance at beginning and end of year	**₱ 30,000,000**	₱ 30,000,000
RETAINED EARNINGS		
Beginning of year	**(₱ 394,939)**	₱ -
Net income (loss) during the year	**411,789**	(394,939)
Balance at end of year	**16,850**	(394,939)
	₱ 30,016,850	₱ 29,605,061

See accompanying Notes to Financial Statements.

MATI CITY ICE PLANT AND COLD STORAGE INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) during the year	**₱ 411,788**	(₱ 394,939)
Adjustments for:		
Depreciation	**659,059**	—
Operating income (loss) before working capital changes	**1,070,847**	(394,939)
Increase (decrease) in:		
Trade and Other Payables	**444,875**	—
Net cash flows provided by (used in) operating activities	**1,515,722**	(394,939)
CASH FLOWS FROM AN INVESTING ACTIVITY		
Acquisition of properties and equipment	**-**	(14,511,962)
Other noncurrent asset	**-**	(13,373,764)
Net cash flows provided by investing activity	**-**	(27,885,726)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to/from related parties	**1,316,738**	—
Proceeds from stock issuance	**—**	30,000,000
Net cash provided by (used in) financing activities	**1,316,738**	30,000,000
NET INCREASE (DECREASE) IN CASH	**2,832,459**	1,719,335
CASH AT BEGINNING OF YEAR	**1,719,335**	—
CASH AT END OF YEAR	**₱ 4,551,795**	₱ 1,719,335

See accompanying Notes to Financial Statements.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-8, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of Eleven (11) page (s).

Verified by: dated April 8 2026

ISSUED TO:

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

ANNEX "IIIIIIIII"

Securities and Exchange Commission
PHILIPPINES

# COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
2023030090293-00

Company Name

GEOMETRY SECURITY AND
INVESTIGATION AGENCY INC.

Principal Office (No./Street/Barangay/City/Town/Province)

1133 ZOBEL ROXAS DIAN ST SANTA
ANA - BARANGAY 757 MANILA,
CITY OF MANILA, FIRST DISTRICT
NATIONAL CAPITAL REGION, 1009

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
FOR FILLUP	FOR FILLUP	FOR FILLUP

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5	N/A	N/A

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
FOR FILLUP	FOR FILLUP	FOR FILLUP	FOR FILLUP

Contact Person's Address

Note: 1.) In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence therof with information and complete contact details of the new contact person designated.

2.) All Boxes must be properly and completely filled up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and / or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
1133 Zobel Roxas Dian St., Sta. Ana, Brgy. 757, Manila

"STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The Management of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** is responsible for the preparation and fair presentation of the financial Statements including the schedules attached therein, for the year ended February 29, 2024 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the company or cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

The Board of directors revises and approves the financial statements, including the schedules attached therein and submits the same to the stockholders or members.

LUIS S. GUZMAN CPA, the independent auditors appointed by the stockholders has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Signature ____________

President: CYRIL GARCIA MARASIGAN

Signature ____________

Chairman: CYRIL GARCIA MARASIGAN

Signature ____________

Treasurer: OLIVER TAN CHENG

Sign this 15th day of March, 2024

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GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
1133 Zobel Roxas Corner Dian St., Sta. Ana, Brgy. 757, Manila

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"STATEMENT OF MANAGEMENT RESPONSIBILITIES FOR ANNUAL INCOME TAX RETURN"

The Management of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** is responsible for all information and representation contained in the Annual Income Tax Returns for the period ended February 29, 2024. Management is likewise responsible for all information and representation contained in the financial statements accompanying the Annual Income Tax Return covering the said reporting period. Furthermore, the Management is responsible for all information and representation contained in all the other tax returns filed for reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, and any other tax returns.

In this regard, the Management affirms that the audited financial statements attached audited financial statements for the period ended February 29, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** complete and correct in all material respects. Management likewise affirms that:

a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuances of the Department of Finance and Bureau of Internal Revenue;

b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c) The **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

CYRIL GARCIA MARASIGAN
President

OLIVER TAN CHENG
Treasurer

CYRIL GARCIA MARASIGAN
Chairman of the Board

07 08 24

SUBSCRIBED AND SWORN to before me this _____day of ___2024 affiants(s) exhibiting to me his/her Community Tax Certificate No. ____________________ issued at _________________ on _______________.

NAME **RES.CERT.NO.** **DATE** **PLACE**

Doc No. 411 :
Page No. 8 :
Book No.____:
Series of 2024

ATTY. MANUEL ABUTO RODRIGUEZ II
Notary Public for City of Manila Until Dec. 31, 2024
Commission No. 2023-085
2nd Floor M[illegible] Plaza Hotel, Adriatico St. Ermita, Mla
I.B.P No. 329200- Dec. 16, 2023 for year 2024
P.T.R. No 1535348-Jan 3, 2024 at Manila
Roll No. 68732/MCLE Compliance No. VII-0005642- 4/14/

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INDEPENDENT AUDITOR'S REPORT

TO ACCOMPANY INCOME TAX RETURN

To The Board of Directors and Stockholders
GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
1133 Zobel Roxas Dian St. Santa Ana
Barangay 757, Manila

I have audited the accompanying financial statements of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** as at February 29, 2024, on which I have rendered the attached report dated May 15, 2024.

In compliance with Revenue Regulations V-20 and V-I, Sec. 8-A,

a.) I don't have any direct financial interest with the Company and its primary officers and board of directors.

b.) The taxes paid or payable by the Company during the period are shown in the report and presented under schedule of Taxes and Licenses attached to the Income Tax Returns.

c.) I am not in any way related by consanguinity or affinity to the owner of the Company.

LUIS S. GUZMAN
CPA No. 41316 Valid until August 23, 2024
PRC-BOA Accreditation No. 2316, valid from December 09, 2021 until August 31, 2024
Tax Identification No. 135-552-433-000
BIR Accreditation No. 06-006879-001-2023
Date Issued: December 11, 2023 valid until December 10, 2026
PTR No. 1539165
January 03, 2024, Manila

May 15, 2024

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INDEPENDENT AUDITOR'S SUPPLEMENTAL WRITTEN STATEMENT

To The Board of Directors and Stockholders
GEOMETRY SECURITY AND INVESTIGATION INC.
1133 Zobel Roxas Dian St. Santa Ana
Barangay 757, Manila

I have examined the financial statements of **GEOMETRY SECURITY AND INVESTIGATION INC.** as at February 29, 2024, on which I have rendered the attached report dated May 15, 2024.

In compliance with Securities Regulation Code Rule 68, As Amended (2011), I am stating that the above Company has (5) stockholders owning one hundred (100) or more shares.

LUIS S. GUZMAN
CPA No. 41316 Valid until August 23, 2024
PRC-BOA Accreditation No. 2316, valid from December 09, 2021 until August 31, 2024
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PTR No. 1539165
January 03, 2024, Manila

May 15, 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Shareholders
GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
1133 Zobel Roxas Dian St. Santa Ana
Barangay 757, Manila

Report on the Audit of the Financial Statement

Opinion

I have audited the accompanying financial statements of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** which comprise the statement of financial position as at February 29, 2024 the statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The Statement of financial position as at February 29, 2024 the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended were audited and is presented for comparative presentation purpose only.

In my opinion, the accompanying financial statements of the Company are prepared, in all material respects, the statement of financial position as at February 29, 2024 the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, in accordance with Philippine Financial Reporting Standards (PFRS) for Small and Medium Sized Entities (SME's).

Basis for Opinion

I have conducted my audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRS) for Small and Medium Sized Entities (SME's)., and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

My audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplementary information on taxes, duties and license fees in Notes to financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not required as part of the basic financial statements. Such information is responsibility of the management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

LUIS S. GUZMAN
CPA No. 41316 Valid until August 23, 2024
PRC-BOA Accreditation No. 2316, valid from December 09, 2021 until August 31, 2024
Tax Identification No. 135-552-433-000
BIR Accreditation No. 06-006879-001-2023
Date Issued: December 11, 2023 valid until December 10, 2026
PTR No. 1539165
January 03, 2024, Manila

May 15, 2024

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Securities and
Exchange
Commission
PHILIPPINES

The Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

In connection with my examination of the financial statements of **GEOMETRY SECURITY AND INVESTIGATION INC.** as at February 29, 2024, which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with the Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs) in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of the Independence as provided for in Section 14 of the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the PFRS for SMEs promulgated by the BOA. In case of my departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of departure and the extent of the limitation, the reasons thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided for in Section 23 of the Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity.

LUIS S. GUZMAN
CPA No. 41316 Valid until August 23, 2024
PRC-BOA Accreditation No. 2316, valid from December 09, 2021 until August 31, 2024
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GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
STATEMENTS OF FINANCIAL POSITION
As of February 29, 2024
(All Amounts in Philippine Peso)

	Notes	2024
ASSETS		
Current Assets		
Cash	*5*	**1,035,798**
Accounts receivable - others	*6*	**1,872,968**
Other current assets	*7*	**124,833**
Total Current Assets		**3,033,599**
Non-Current Assets		
Property and equipment	*8*	**531,440**
TOTAL ASSETS		**3,565,040**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	*9*	-
Total Liabilities		-
Equity		
Share capital	*10*	**5,000,000**
Retained earnings		
Appropriated		-
Unappropriated		**(1,434,960)**
Total Equity		**3,565,040**
TOTAL LIABILITIES AND EQUITY		**3,565,040**

See Notes to Financial Statements.

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GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.

STATEMENTS OF INCOME

As of February 29, 2024

(All Amounts in Philippine Peso)

	Notes	**2024**
REVENUE	*11*	-
COST OF REVENUE	*12*	**(50,500)**
GROSS PROFIT		**(50,500)**
ADMINISTRATIVE EXPENSES	*13*	**(1,384,460)**
LOSS BEFORE INCOME TAX		**(1,434,960)**
INCOME TAX EXPENSE-CURRENT	*15*	-
LOSS FOR THE YEAR		**(1,434,960)**

See Notes to Financial Statements.

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GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.

STATEMENTS OF CHANGES IN EQUITY

As of February 29, 2024

(All Amounts in Philippine Peso)

		Retained Earnings		
	Share capital *(Note 10)*	Appropriated	Unappropriated	Total
Balance at March 1, 2023	5,000,000	-	-	5,000,000
Loss for the year			(1,434,960)	(1,434,960)
Balance at February 29, 2024	5,000,000	-	(1,434,960)	3,565,040

See Notes to Financial Statements.

GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.

STATEMENTS OF CASH FLOWS

As of February 29, 2024

(All Amounts in Philippine Peso)

	Notes	**2024**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year		**(1,434,960)**
Adjustment for:		
Depreciation	*8*	**85,407**
Operating cash flows before working capital		**(1,349,554)**
Decrease (Increase) in Current Assets		
Accounts receivable	*6*	**(1,872,968)**
Other current assets	*7*	**(124,833)**
Increase/(Decrease) in Current Liabilities		
Accounts payable	*9*	-
Net cash generated from operating activities		**(3,347,355)**
CASH FLOW FROM INVESTING ACTIVITIES		
Addition to property and equipment		**(616,847)**
Net cash provided by (used in) investing activites		**(616,847)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Initial Investment		**5,000,000**
Net cash used in financing activities		**5,000,000**
NET INCREASE IN CASH		**1,035,798**
CASH, BEGINNING	*5*	-
CASH,END	*5*	**1,035,798**

See Notes to Financial Statements.

GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.

NOTES TO FINANCIAL STATEMENT
As of February 29, 2023
(All Amounts in Philippine Peso unless otherwise stated)

1. CORPORATE INFORMATION

GEOMETRY SECURITY AND INVESTIGATION AGENCY INC. ("the Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 13, 2023 under SEC Reg. No. 2023030090293-00. The Company is primarily engaged in canvassing, enlisting, contracting, utilizing, hiring, and providing security and investigation services to private entities, businesses and or government institution and other similar clients by enlisting and deploying local works and workers such as security and or investigation personnel, experts and all other similar services.

The Company's registered principal office and business address is located at 1133 Zobel Roxas St. Santa Ana – Barangay 757 Manila.

2. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENT

2.1 Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) for small Entity as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

2.2 Basis of Preparation

The financial statements of the Company have been prepared on under cost and are presented in Philippine Peso, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the economic course of business.

2.3 Use of Judgment and Estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes.

Judgements are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumption are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affect both current and future periods.

2.4 Going Concern Assumptions

The Company is not aware of any significant uncertainties that may cast doubts upon the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparations of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

3.1 Financial Instruments

A financial instrument is any contract that gives rise to both of financial assets of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a part to its contractual provisions. The company classifies its financial instruments into the following category: (a) basic financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and trade receivables. The Company does not have complex financial instruments.

Initial measurement

A financial asset or financial liability is initially measured at the transaction price (including transaction costs); unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

At the end of each reporting period, financial asset or financial liability is subsequently measured as follows, without any deduction for transaction costs that may incur on sale or other disposal: a receivable is measured at the undiscounted amount of cash or other consideration expected to be received and a payable is recognized at the undiscounted amount of cash or other consideration expected to be paid.

Impairment of financial instrument measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment at the assets original effective interest rate.

Derecognition of Financial Instruments

Financial Assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled. Or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial statements.

Financial liabilities

Financial liabilities are derecognized only when these are extinguished – that is, when the obligation is discharged, cancelled or has expired.

3.2 Financial Assets

i. Cash

Cash includes cash in banks and petty cash fund

ii. Trade receivables

Trade receivables are measured initially at transaction price (including transaction costs), which is the undiscounted amount of cash receivable from that entity, which is normally the invoice price and subsequently measured at the undiscounted amount of cash and other consideration expected to be received (i.e. net of impairment). Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

The allowance for impairment loss is the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long-outstanding receivables.

3.3 Inventories

Inventories are assets that are held for sale in the ordinary course of business.

An entity shall measure inventories at the lower of cost or market value

The Company uses the first-in, first-out (FIFO) method in determining the cost of its merchandise inventories.

An entity shall include in the cost of inventories all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, and other taxes (other than those subsequently recoverable but the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

An entity shall assess at each reporting date whether any inventories are impaired. The entity shall make the assessment by comparing the carrying amount of each item of inventory (or group of similar items) with its market value. If an item of inventory (or group of similar items) is impaired, the entity shall reduce the carrying amount of the inventory (or the group) to its market value. Market value is determined as the probable selling price to willing buyers as of reporting date. That reduction is an impairment loss and it is recognized immediately in profit or loss.

3.4 Other Current Asset

Other current asset includes creditable withholding tax. These are measured initially at transaction price and subsequently measured at cost less any impairment losses, if any.

3.5 Property and Equipment

Property and equipment are recognized when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured.

Property and equipment are initially measured at its cost and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of an item of property and equipment comprises all of the following, if there are any:

a) Its purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates: and

b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionally.

If payment is referred beyond normal credit terms, the cost is the present value of all future payments.

The Company allocates the depreciable amount of an asset on a systematic basis over its useful life. The depreciable amount is cost minus accumulated depreciation and accumulated impairment losses, and minus residual value. The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of an asset, after deducting the estimate costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an assets ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from the active use unless the asset is fully depreciated. However, under usage methods of depreciation the depreciation charge can be zero while there is no production.

An entity shall derecognize an item of property and equipment: a) on disposal; or b) when no future economic benefits are expected from its use or disposal. An entity shall recognize the gain or loss on the derecognition of an item of property and equipment in profit or loss when the item is derecognized. The entity shall not classify such gains as revenue.

3.6 Impairment of Non-financial Assets Other than Inventories

An impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If it is not possible to estimate the recoverable amount of an individual asset, an entity shall estimate the recoverable amount of the cash-generating unit to which the asset belongs. However, an entity shall not reduce the carrying amount of any asset in the cash-generating unit bellow the highest of:

a) Its fair value less costs to sell (if determinable);
b) Its value in use (if determinable); and
c) Zero.

The Company shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

The Company shall assess at each reporting date whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the entity shall determine whether all or part of the prior impairment loss should be reversed.

3.7 Financial Liabilities

Financial liabilities consist of trade and other payables.

i. Trade Payables

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. These are unsecured, non-interest bearing and short term in nature.

Trade and other payables are initially measured at transaction price (including transaction cost) which are the undiscounted amount owed to the suppler, which is normally the invoice price and are subsequently measured at undiscounted amount of cash or other consideration expected to be paid.

Other payable includes salaries payable.

3.8 Other Current Liabilities

Other current liabilities include taxes payable statutory obligation as of the end of the period such as, SSS, PHIC and HDMF payable. These are measured at cost.

3.9 Equity

A. Share Capital

Ordinary shares are classified as equity using the par value of shares that have been issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction form the proceeds, net of tax. The costs of acquiring Company's own shares are shown as a deduction from equity attributable to the Company's equity holders until the shares are cancelled or reissued, net of directly attributable incremental transaction costs and related income tax effects, and are included in equity attributable to the Company's equity holders.

B. Retained Recognition

Retained earnings includes all current and prior results of operations as disclosed in the statement of income attributable to the Company's stockholders and reduced by dividends.

3.10 Revenue Recognition

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. Revenue is measured at the fair value of the consideration received net of value added tax (VAT), discounts, returns and rebates.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Service Revenue

Service income is recognized as revenue when the significant act of providing services has been completed. However, the Company is generally able to make reliable estimates after it has agreed to the following with other parties to transaction:

- each party's enforceable rights regarding the service to be provided and received by the parties:
- the consideration to be exchanged; and
- the manner and terms of settlement

3.11 Cost and Expense Recognition

Cost and expenses are decreases in economic benefits in the form of decreases in assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and administrative expenses are recognized in the statements of income upon consumption of the goods and utilization of the service or at the date they are incurred. These are presented in the statement of income using the function expense method.

- Cost of Service

  Cost of services are recognized in profit or loss in the period the service are rendered.

- Administrative Expenses

  These are expenses incurred by the Company that cannot be associated directly to its services.

3.12 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

The Company as a Lessee

The company as a lessee shall recognize all lease payments as expense in profit or loss in the period in which they are incurred.

3.13 Employees Benefits

Employee benefits are all forms of consideration given by the Company in exchange for service rendered by employees, including directors and management. The Company shall recognize the cost of all employee benefits to which its employees have become entitled as a result of service rendered to the entity during the reporting period: a) as a liability, after deducting amounts that have been paid directly to the employees; and b) as an expense,

Employee benefits are recognized when the employee earns those benefits, not when those benefits are paid in cash.

A. Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits, if any.

B. Long-term Benefits

The Company is yet to provide retirement benefits to its employees as it believes that none of its employees would stay until their retirement. This assessment was made on the basis of the high turnover rate of its employees and of their average stay of one (1) to three (3) years. In 2022 and 2021, no employee yet is qualified for retirement benefits as provided for under provision of R.A 7641, The Retirement Law. Management believes that non-provision of the retirement benefits has no material effect in the financial position and financial performance of the Company.

3.14 Income Taxes

An entity shall determine the tax basis of an asset, liability or other item in accordance with enacted or substantively enacted law

The tax basis determines the amounts that will be included in taxable profit on recovery or settlement of the carrying amount of an asset or liability. Specifically:

a) The tax basis of an asset equals the amount that would have been deductible in arriving at taxable profit if the carrying amount of the asset had been recovered through sale at the end of the reporting period. If the recovery of the asset through sale does not increase taxable profit, the tax basis shall be deemed to be equal to the carrying amount.

b) The tax basis of a liability equals its carrying amount less any amounts deductible in determining taxable profit (or plus any amount included in taxable profit) that would have arisen if the liability had been settled for its carrying amount at the end of the reporting period.

A. Current Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax are regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company used taxes payable method to account for income taxes.

3.15 Provision and Contingencies

Initial recognition

An entity shall recognize a provision only when: a) the entity has an obligation at the reporting date as a result of a past event; b) it is probable (i.e., more likely than not) that the entity will be required to transfer economic benefits in settlement; and c) the amount of the obligation can be estimated reliably.

Initial measurement

An entity shall measure a provision at the best estimate of the amount required to settle the obligation at the reporting date. The best estimate is the amount an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time.

When the provision involves a large population of items, the estimate of the amount reflects the weighting of all possible outcomes by their associated probabilities. Where there is a continuous range of possible outcomes, and each point in that range is a likely as any other, the mid-point of the range is used.

When the provision arises from a single obligation, the individual most likely outcome may be the best estimate of the amount required to settle the obligation. However, even in such a case, the entity considers other possible outcomes. When the possible outcomes are either mostly higher or mostly lower than the most likely outcome, the best estimate will be a higher or lower amount that the single most likely outcome

Subsequent measurement

An entity shall charge against a provision only those expenditures for which the provision was originally recognized

An entity shall review provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustment to the amounts previously recognized shall be recognized in profit or loss unless the provision was originally recognized as part of the cost of an asset. When a provision is measured at the present value if the amount expected to be required to settle the obligation, the subsequent reduction in the present value that results from the passing of time shall be recognized in profit or loss in the period at arises

No provision and contingencies recognized during the period.

3.16 Related Party Disclosures

Disclosure about an entity's related are necessary in the entity's financial statements to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with those parties

A related party transaction is transfer of resources, services or obligation between a reporting entity and a related party, regardless of whether a price is charged. A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity)

In considering each possible related party relationship, an entity shall assess the substance of the relationship and not merely the legal form.

3.17 Events after the end of the Reporting Period

Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

An entity shall adjust the amounts recognized in its financial statements, or recognize items that were not previously recognized, including related disclosures, to reflect adjusting events after the end of the reporting period. Adjusting events after the end of the reporting period are those events that provide evidence of conditions that existed at the of the period.

An entity shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the end of the reporting period. Non-adjusting events after the end of the reporting period are those events that are indicative of conditions that arose after the end of the reporting period.

5. CASH

This account consists of the following:

	2024
Cash in bank	1,015,798
Petty cash	20,000
	1,035,798

Cash in bank is maintained at a current account which does not gain interest. Cash in bank is unrestricted and immediately available for use in current operations.

Petty cash fund are working funds wherein small amount of expenses are being disbursed.

6. ACCOUNTS RECEIVABLE

This account consists of:

	2023
Accounts receivable - others	1,872,968

Accounts receivable are noninterest-bearing arising from sale of goods and are normally due in 30 days.

There is no objective evidence that the account cannot be collected in full. Hence, no provision for impairment has been provided.

No trade receivable used as collateral to any indebtedness.

This consist of various expenses incurred in connection with the preparations for commercial operations such as licenses, salaries and other expenses.

7. OTHER CURRENT ASSETS

This account consists of the following:

Input vat	124,833

8. PROPERTY AND EQUIPMENT

(Please see separate schedule)

9. ACCOUNTS PAYABLE

This account consists of:

Accounts Payable	

Accounts payable are unpaid liabilities from purchases which are noninterest-bearing and are normally due within 60 days.

10. EQUITY

Share Capital

As of February 29, 2024 Company's share capital consists of:

	2024
Authorized Share Capital	
50,000 common shares at ₱100 par value	5,000,000
Paid up Capital	
50,000 common shares at ₱100 par value	5,000,000
Subscribe and fully paid-up capital	5,000,000

The Company is 100% Filipino owned and has one class of ordinary shares which carry no right to fixed income.

There were no movements in the share capital of the Company in 2024 financial reporting periods.

Capital Management

The Company manages its capital in such a way to increase the value of the shareholders' investment while maintaining strong credit ratings in order to support its business. It sets strategies with the objective of establishing a resourceful financial management structure.

The Company is not exposed to externally imposed mandatory capital requirements.

11. REVENUE

	2024
Revenue from service rendered	-

12. COST OF REVENUE

	2024
Per diem	50,500

13. ADMINISTRATIVE EXPENSES

This account consists of the following:

	2024
Communication, Light and Water	74,789
Office Supplies	162,745
Transportation and Travel	29,088
Bank Charges	250
Professional Fees	5,000
Representation	102,963
Depreciation	85,407
Documentation Expense	5,500
Permits and Licenses	119,415
Messengerial Expense	2,299
Gas & Oil	38,751
Meals	41,275
Repairs and Maintenance	90,538
Rent Expense	588,000
Other Expenses	10,000
Training Expense	25,199
Miscellaneous Expenses	3,240
	1,384,460

14. RELATED PARTY TRANSACTION

A party is related to an entity if:

(a) directly, or indirectly through one or more intermediates, the party:

–controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

_has an interest in the entity that gives it significant influence over the entity; or

_has joint control over the entity;

(b) the party is an associate of the entity;

(c) the party is a joint venture in which the entity is a venture;

(d) the party is a member of the key management personnel of the entity or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, an [illegible]

(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Key Management Personnel

The company does not provide compensation benefits to key management personnel in 2024.

15. INCOME TAX

The reconciliation of the provision for income tax computed at statutory income tax rate to the income tax expense shown in the statements of income is as follows:

	2024
Profit before income tax expense	-
At statutory income tax rate	-
Income tax expense	-

The Company is subject to regular corporate income tax (RCIT), as it is higher than MCIT both in 2024.

Relevant Tax Regulations

Republic Act 9504
Effective July 2008, Republic Act 9504 was approved giving corporate tax payees an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross sales. Once the option to used OSD is made, it shall be irrevocable for the taxable year for which the option was made. In 2024, the Company opted to continue claiming itemized standard deductions.

16. PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSET

The Company is not aware of any other pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required by section of PFRS for SE's, Provisions and Contingencies, to be accrued or disclosed in the financial statements and the Company has not consulted a lawyer concerning litigation, claims and assessments.

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

No events after the reporting period were identified in these financial statements that provides evidence of conditions that existed at the reporting date (adjusting events after the reporting period), and that are indicative of conditions that arose after the reporting date. (non-adjusting events after reporting period).

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issuance by Board of Directors on May 15, 2024. The Board of Directors is still empowered to make the revisions on financial statements even after the date of issue. The Board of Directors are still empowered to make the revisions on financial statements even after the date of issue.

19. MANAGEMENT DECLARATION ON TAXES AND OTHER RELATED INFORMATION

In compliance with Revenue Regulation 15-2011 as required by the BIR, presented below are information on taxes and licenses:

A. VAT

	Net Sales	Output tax
Taxable Sales	-	-

Beginning of the year
Current year's domestic purchases / payments for:

Capital goods subject to amortization	-
Capital goods not subject to amortization	-
Services lodged under cost of goods sold	-
Services lodged under other accounts	-
Total available input tax	-
Input tax applied	-
Net balance at the end of the year	-

B. WITHHOLDING TAXES

Withholding Tax on Compensation	-
Expanded Withholding Tax	-
Total	-

C. TAXES AND LICENSES

Breakdown as follows:

Business licenses and permits	119,415
Annual BIR registration fee	-
	119,415

D. TAX ASSESSMENTS AND CASES

The Company has no pending tax assessment and cases. All other information required under RR No. 15-2013 that were not disclosed are not applicable to the company.

NOTE 8. PROPERTY AND EQUIPMENT

	February 29, 2024 Building
Gross carrying amount	
Balance at March 1, 2023	**616,847**
Additions	-
Balance at February 29, 2024	**616,847**
Accumulated Depreciation and impairment loss	
Balance at March 1, 2023	-
Depreciation during the year	**85,407**
Balance at February 29, 2024	**85,407**
Net carrying amount at February 29, 2024	**531,440**

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Impairment tests performed indicates that there are no property and equipment found impaired.

There are no property and equipment used as a collateral to any indebtedness. There are

The company has no tangible assets fully depreciated still in use neither assets which are idle as of February 29, 2024.

Further, the Company was no property and equipment retired from active use and not classified for sale on accordance with PFRS 5.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-10, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of TWENTY EIGHT (28) page (s).

Verified by: ______________ dated APRIL -10 2026

ISSUED TO: HOUSE OF REPRESENTATIVES

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD

GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.

1133 Zobel Roxas Corner Dian St., Sta. Ana, Brgy. 757, Manila

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"STATEMENT OF MANAGEMENT RESPONSIBILITIES FOR ANNUAL INCOME TAX RETURN"

The Management of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** is responsible for all information and representation contained in the Annual Income Tax Returns for the period ended February 28, 2025 and 2024. Management is likewise responsible for all information and representation contained in the financial statements accompanying the Annual Income Tax Return covering the said reporting period. Furthermore, the Management is responsible for all information and representation contained in all the other tax returns filed for reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, and any other tax returns.

In this regard, the Management affirms that the audited financial statements attached audited financial statements for the period ended February 28, 2025 and 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** complete and correct in all material respects. Management likewise affirms that:

a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuances of the Department of Finance and Bureau of Internal Revenue;

b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c) The **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

CYRIL GARCIA MARASIGAN
President

OLIVER TAN CHENG
Treasurer

CYRIL GARCIA MARASIGAN
Chairman of the Board

SUBSCRIBED AND SWORN to before me this 16 JUL 2025 day of ___2025 affiants(s) exhibiting to me his/her Community Tax Certificate No. ______ issued at ______ on ______.

NAME **RES.CERT.NO.** **DATE** **PLACE**

SECURITIES AND EXCHANGE COMMISSION
CERTIFIED TRUE COPY
Page: 3 of 27 pages
Verified by: ______ Date Issued: ______
C F R D - C R M D

ATTY. MARIELLE JEN[illegible]
Notary Public
Notary Public for City of Manila Until Dec. 31, 2025
Notarial Commission No. 2024-179
Tower 3, 3K, No. 181 N. Lopez St., Ermita, Manila
I.B.P. NO. 488207- Dec. 27, 2024, for the year 2025
P.T.R. No. 2041441- Jan. 2, 2025 at Manila
[illegible] VIII-0010060 - Valid until April 14, 2028
ROLL NO. 88314

Doc No. 347;
Page No. 70;
Book No. V;
Series of 2025

GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.

1133 Zobel Roxas Dian St., Sta. Ana, Brgy. 757, Manila

"STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The Management of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** is responsible for the preparation and fair presentation of the financial Statements including the schedules attached therein, for the year ended February 28, 2025 and 2024 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the company or cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

The Board of directors revises and approves the financial statements, including the schedules attached therein and submits the same to the stockholders or members.

LUIS S. GUZMAN CPA, the independent auditors appointed by the stockholders has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Signature ____________

President: CYRIL GARCIA MARASIGAN

Signature ____________

Chairman: CYRIL GARCIA MARASIGAN

Signature ____________

Treasurer: OLIVER TAN CHENG

Sign this 15th day of March, 2025

SUBSCRIBED AND SWORN TO BEFORE ME THIS 16 JUL 2025

Doc. No. ____
Page No. ____
Book No. ____

ATTY MARIELLE JENELLE L. LACUERTA
Notary Public for City of Manila- Until Dec. 31, 2025
Notarial Commission No. 2024-179
Tower 3, 3K, No. 151 N. [illegible] St., Ermita, Manila
IBP NO. 488257- Dec. 27, 2024, for the year 2025
PTR No. 2041441, Jan. 2, 2025 at Manila
[illegible] - Valid until April 14, 2028
ROLL NO. 86314

INDEPENDENT AUDITOR'S REPORT

TO ACCOMPANY INCOME TAX RETURN

To The Board of Directors and Stockholders
GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
1133 Zobel Roxas Dian St. Santa Ana
Barangay 757, Manila

I have audited the accompanying financial statements of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** as of February 28, 2025 and 2024, on which I have rendered the attached report dated May 15, 2025.

In compliance with Revenue Regulations V-20 and V-I, Sec. 8-A,

a.) I don't have any direct financial interest with the Company and its primary officers and board of directors.

b.) The taxes paid or payable by the Company during the period are shown in the report and presented under schedule of Taxes and Licenses attached to the Income Tax Returns.

c.) I am not in any way related by consanguinity or affinity to the owner of the Company.

LUIS S. GUZMAN
CPA No. 41316 Valid until August 23, 2027
PRC-BOA Accreditation No. 2316, valid from September 01, 2024 until August [illegible] 2027
Tax Identification No. 135-552-433-000
BIR Accreditation No. 06-006879-001-2023
Date Issued: December 11, 2023 valid until December 10, 2026
PTR No. 20284212
January 03, 2025, Manila

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Verified by: **Date Issued:**
C F R D - C R M D

February 15, 2025

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Shareholders
GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
1133 Zobel Roxas Dian St. Santa Ana
Barangay 757, Manila

Report on the Audit of the Financial Statement

Opinion

I have audited the accompanying financial statements of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** which comprise the statement of financial position as of February 28, 2024 and 2025 the statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The Statement of financial position as of February 28, 2025 and 2024 the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended were audited and is presented for comparative presentation purpose only.

In my opinion, the accompanying financial statements of the Company are prepared, in all material respects, the statement of financial position as at February 28, 2025 and 2024 the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, in accordance with Philippine Financial Reporting Standards (PFRS) for Small and Medium Sized Entities (SME's).

Basis for Opinion

I have conducted my audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRS) for Small and Medium Sized Entities (SME's)., and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

My audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplementary information on taxes, duties and license fees in Notes to financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not required as part of the basic financial statements. Such information is responsibility of the management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

LUIS S. GUZMAN
CPA No. 41316 Valid until August 23, 2027
PRC-BOA Accreditation No. 2316, valid from September 01, 2024 until August 31, 2027
Tax Identification No. 135-552-433-000
BIR Accreditation No. 06-006879-001-2023
Date Issued: December 11, 2023 valid until December 10, 2026
PTR No. 20284212
January 03, 2025, Manila

February 15, 2025

INDEPENDENT AUDITOR'S SUPPLEMENTAL WRITTEN STATEMENT

To The Board of Directors and Stockholders
GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
1133 Zobel Roxas Dian St. Santa Ana
Barangay 757, Manila

I have examined the financial statements of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** as at February 28, 2025, on which I have rendered the attached report dated May 15, 2025.

In compliance with Securities Regulation Code Rule 68, As Amended (2011), I am stating that the above Company has (5) stockholders owning one hundred (100) or more shares.

LUIS S. GUZMAN
CPA No. 41316 Valid until August 23, 2027
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February 15, 2025

SECURITIES AND EXCHANGE COMMISSION
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Page: 8 of 27 pages
Verified by: ________ Date Issued: ________
CFRD-CRMD

The Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

In connection with my examination of the financial statements of **GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.** as of February 28, 2025 and 2024, which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with the Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs) in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of the Independence as provided for in Section 14 of the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the PFRS for SMEs promulgated by the BOA. In case of my departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of departure and the extent of the limitation, the reasons thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided for in Section 23 of the Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity.

LUIS S. GUZMAN
CPA No. 41316 Valid until August 23, 2027
PRC-BOA Accreditation No. 2316, valid from September 01, 2024 until August 31, 2027
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February 15, 2025

GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
STATEMENTS OF FINANCIAL POSITION
As of February 28, 2025 and 2024
(All Amounts in Philippine Peso)

	Notes	**2025**	2024
ASSETS			
Current Assets			
Cash	*5*	**385,405**	1,035,798
Accounts receivable - others	*6*	**1,094,068**	1,872,968
Other current assets	*7*	**297,207**	124,833
Total Current Assets		**1,776,680**	3,033,599
Non-Current Assets			
Property and equipment	*8*	**446,034**	531,440
TOTAL ASSETS		**2,222,714**	3,565,040
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	*9*	**3,509,164**	-
Total Liabilities		**3,509,164**	-
Equity			
Share capital	*10*	**5,000,000**	5,000,000
Retained earnings			
Appropriated		**-**	-
Unappropriated		**(6,286,450)**	(1,434,960)
Total Equity		**(1,286,450)**	3,565,040
TOTAL LIABILITIES AND EQUITY		**2,222,714**	3,565,040

See Notes to Financial Statements.

GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
STATEMENTS OF INCOME
As of February 28, 2025 and 2024
(All Amounts in Philippine Peso)

	Notes	**2025**	2024
REVENUE	*11*	**58,338**	-
COST OF REVENUE	*12*	**(724,500)**	(50,500)
GROSS PROFIT		**(666,162)**	(50,500)
ADMINISTRATIVE EXPENSES	*13*	**(4,185,328)**	(1,384,460)
LOSS BEFORE INCOME TAX		**(4,851,490)**	(1,434,960)
INCOME TAX EXPENSE-CURRENT	*15*	-	-
LOSS FOR THE YEAR		**(4,851,490)**	(1,434,960)

See Notes to Financial Statements.

GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
STATEMENTS OF CHANGES IN EQUITY
As of February 28, 2025 and 2024
(All Amounts in Philippine Peso)

		Retained Earnings		
	Share capital *(Note 10)*	**Appropriated**	**Unappropriated**	**Total**
Balance at February 28, 2024	**5,000,000**	**-**	**(1,434,960)**	**3,565,040**
Loss for the year			**(4,851,490)**	**(4,851,490)**
Balance at February 28, 2025	**5,000,000**	**-**	**(6,286,450)**	**(1,286,450)**
Balance at March 1, 2023	5,000,000	-	-	5,000,000
Loss for the year			(1,434,960)	(1,434,960)
Balance at February 28, 2024	5,000,000	-	(1,434,960)	3,565,040

See Notes to Financial Statements.

GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.
STATEMENTS OF CASH FLOWS
As of February 28, 2025 and 2024
(All Amounts in Philippine Peso)

	Notes	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		**(4,851,490)**	(1,434,960)
Adjustment for:			
Depreciation	8	**85,407**	85,407
Operating cash flows before working capital		**(4,766,083)**	(1,349,554)
Decrease (Increase) in Current Assets			
Accounts receivable	6	**778,900**	(1,872,968)
Other current assets	7	**(172,374)**	(124,833)
Increase/(Decrease) in Current Liabilities			
Accounts payable	9	**3,509,164**	-
Net cash generated from operating activities		**(650,393)**	(3,347,355)
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property and equipment		-	(616,847)
Net cash provided by (used in) investing activites		-	(616,847)
CASH FLOWS FROM FINANCING ACTIVITIES			
Initial Investment		-	5,000,000
Net cash used in financing activities		-	5,000,000
NET INCREASE IN CASH		**(650,393)**	1,035,798
CASH, BEGINNING	5	**1,035,798**	-
CASH,END	5	**385,405**	1,035,798

See Notes to Financial Statements.

GEOMETRY SECURITY AND INVESTIGATION AGENCY INC.

NOTES TO FINANCIAL STATEMENT
As of February 28, 2024 and 2025
(All Amounts in Philippine Peso unless otherwise stated)

1. CORPORATE INFORMATION

VERYANCY INC. ("the Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 13, 2023 under SEC Reg. No. 2023030090293-00. The Company is primarily engaged in canvassing, enlisting, contracting, utilizing, hiring, and providing security and investigation services to private entities, businesses and or government institution and other similar clients by enlisting and deploying local works and workers such as security and or investigation personnel, experts and all other similar services.

The Company's registered principal office and business address is located at 1133 Zobel Roxas St. Santa Ana – Barangay 757 Manila.

2. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENT

2.1 Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) for small Entity as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

2.2 Basis of Preparation

The financial statements of the Company have been prepared on under cost and are presented in Philippine Peso, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the economic course of business.

2.3 Use of Judgment and Estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes.

Judgements are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumption are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affect both current and future periods.

2.4 Going Concern Assumptions

The Company is not aware of any significant uncertainties that may cast doubts upon the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparations of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

3.1 Financial Instruments

A financial instrument is any contract that gives rise to both of financial assets of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a part to its contractual provisions. The company classifies its financial instruments into the following category: (a) basic financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and trade receivables. The Company does not have complex financial instruments.

Initial measurement

A financial asset or financial liability is initially measured at the transaction price (including transaction costs); unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

At the end of each reporting period, financial asset or financial liability is subsequently measured as follows, without any deduction for transaction costs that may incur on sale or other disposal. A receivable is measured at the undiscounted amount of cash or other consideration expected to be received and a payable is recognized at the undiscounted amount of cash or other consideration expected to be paid.

Impairment of financial instrument measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment at the assets original effective interest rate.

Derecognition of Financial Instruments

Financial Assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled. Or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial statements.

Financial liabilities

Financial liabilities are derecognized only when these are extinguished – that is, when the obligation is discharged, cancelled or has expired.

3.2 Financial Assets

i. Cash

Cash includes cash in banks and petty cash fund

ii. Trade receivables

Trade receivables are measured initially at transaction price (including transaction costs), which is the undiscounted amount of cash receivable from that entity, which is normally the invoice price and subsequently measured at the undiscounted amount of cash and other consideration expected to be received (i.e. net of impairment). Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

The allowance for impairment loss is the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long-outstanding receivables.

3.3 Inventories

Inventories are assets that are held for sale in the ordinary course of business.

An entity shall measure inventories at the lower of cost or market value

The Company uses the first-in, first-out (FIFO) method in determining the cost of its merchandise inventories.

An entity shall include in the cost of inventories all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, and other taxes (other than those subsequently recoverable but the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

An entity shall assess at each reporting date whether any inventories are impaired. The entity shall make the assessment by comparing the carrying amount of each item of inventory (or group of similar items) with its market value. If an item of inventory (or group of similar items) is impaired, the entity shall reduce the carrying amount of the inventory (or the group) to its market value. Market value is determined as the probable selling price to willing buyers as of reporting date. That reduction is an impairment loss and it is recognized immediately in profit or loss.

3.4 Other Current Asset

Other current asset includes creditable withholding tax. These are measured initially at transaction price and subsequently measured at cost less any impairment losses, if any.

3.5 Property and Equipment

Property and equipment are recognized when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured.

Property and equipment are initially measured at its cost and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of an item of property and equipment comprises all of the following, if there are any:

a) Its purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates: and

b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionally.

If payment is referred beyond normal credit terms, the cost is the present value of all future payments.

The Company allocates the depreciable amount of an asset on a systematic basis over its useful life. The depreciable amount is cost minus accumulated depreciation and accumulated impairment losses, and minus residual value. The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of an asset, after deducting the estimate costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an assets ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from the active use unless the asset is fully depreciated. However, under usage methods of depreciation the depreciation charge can be zero while there is no production.

An entity shall derecognize an item of property and equipment: a) on disposal; or b) when no future economic benefits are expected from its use or disposal. An entity shall recognize the gain or loss on the derecognition of an item of property and equipment in profit or loss when the item is derecognized. The entity shall not classify such gains as revenue.

3.6 Impairment of Non-financial Assets Other than Inventories

An impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount.
The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If it is not possible to estimate the recoverable amount of an individual asset, an entity shall estimate the recoverable amount of the cash-generating unit to which the asset belongs. However, an entity shall not reduce the carrying amount of any asset in the cash-generating unit bellow the highest of:

a) Its fair value less costs to sell (if determinable);
b) Its value in use (if determinable); and
c) Zero.

The Company shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

The Company shall assess at each reporting date whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the entity shall determine whether all or part of the prior impairment loss should be reversed.

3.7 Financial Liabilities

Financial liabilities consist of trade and other payables.

i. Trade Payables

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. These are unsecured, non-interest bearing and short term in nature.

Trade and other payables are initially measured at transaction price (including transaction cost) which are the undiscounted amount owed to the suppler, which is normally the invoice price and are subsequently measured at undiscounted amount of cash or other consideration expected to be paid.

Other payable includes salaries payable.

3.8 Other Current Liabilities

Other current liabilities include taxes payable statutory obligation as of the end of the period such as, SSS, PHIC and HDMF payable. These are measured at cost.

3.9 Equity

A. Share Capital

Ordinary shares are classified as equity using the par value of shares that have been issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction form the proceeds, net of tax. The costs of acquiring Company's own shares are shown as a deduction from equity attributable to the Company's equity holders until the shares are cancelled or reissued, net of directly attributable incremental transaction costs and related income tax effects, and are included in equity attributable to the Company's equity holders.

B. Retained Recognition

Retained earnings includes all current and prior results of operations as disclosed in the statement of income attributable to the Company's stockholders and reduced by dividends.

3.10 Revenue Recognition

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. Revenue is measured at the fair value of the consideration received net of value added tax (VAT), discounts, return and rebates.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Service Revenue

Service income is recognized as revenue when the significant act of providing services has been completed. However, the Company is generally able to make reliable estimates after it has agreed to the following with other parties to transaction:

- each party's enforceable rights regarding the service to be provided and received by the parties:
- the consideration to be exchanged; and
- the manner and terms of settlement

3.11 Cost and Expense Recognition

Cost and expenses are decreases in economic benefits in the form of decreases in assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and administrative expenses are recognized in the statements of income upon consumption of the goods and utilization of the service or at the date they are incurred. These are presented in the statement of income using the function expense method.

- Cost of Service

  Cost of services are recognized in profit or loss in the period the service are rendered.

- Administrative Expenses

  These are expenses incurred by the Company that cannot be associated directly to its services.

3.12 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

The Company as a Lessee

The company as a lessee shall recognize all lease payments as expense in profit or loss in the period in which they are incurred.

3.13 Employees Benefits

Employee benefits are all forms of consideration given by the Company in exchange for service rendered by employees, including directors and management. The Company shall recognize the cost of all employee benefits to which its employees have become entitled as a result of service rendered to the entity during the reporting period: a) as a liability, after deducting amounts that have been paid directly to the employees; and b) as an expense,

Employee benefits are recognized when the employee earns those benefits, not when those benefits are paid in cash.

A. Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits, if any.

B. Long-term Benefits

The Company is yet to provide retirement benefits to its employees as it believes that none of its employees would stay until their retirement. This assessment was made on the basis of the high turnover rate of its employees and of their average stay of one (1) to three (3) years. In 2024 and 2023, no employee yet is qualified for retirement benefits as provided for under provision of R.A 7641, The Retirement Law. Management believes that non-provision of the retirement benefits has no material effect in the financial position and financial performance of the Company.

3.14 Income Taxes

An entity shall determine the tax basis of an asset, liability or other item in accordance with enacted or substantively enacted law

The tax basis determines the amounts that will be included in taxable profit on recovery or settlement of the carrying amount of an asset or liability. Specifically:

a) The tax basis of an asset equals the amount that would have been deductible in arriving at taxable profit if the carrying amount of the asset had been recovered through sale at the end of the reporting period. If the recovery of the asset through sale does not increase taxable profit, the tax basis shall be deemed to be equal to the carrying amount.

b) The tax basis of a liability equals its carrying amount less any amounts deductible in determining taxable profit (or plus any amount included in taxable profit) that would have arisen if the liability had been settled for its carrying amount at the end of the reporting period.

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A. Current Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax are regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company used taxes payable method to account for income taxes.

3.15 Provision and Contingencies

Initial recognition

An entity shall recognize a provision only when: a) the entity has an obligation at the reporting date as a result of a past event; b) it is probable (i.e., more likely than not) that the entity will be required to transfer economic benefits in settlement; and c) the amount of the obligation can be estimated reliably.

Initial measurement

An entity shall measure a provision at the best estimate of the amount required to settle the obligation at the reporting date. The best estimate is the amount an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time.

When the provision involves a large population of items, the estimate of the amount reflects the weighting of all possible outcomes by their associated probabilities. Where there is a continuous range of possible outcomes, and each point in that range is a likely as any other, the mid-point of the range is used.

When the provision arises from a single obligation, the individual most likely outcome may be the best estimate of the amount required to settle the obligation. However, even in such a case, the entity considers other possible outcomes. When the possible outcomes are either mostly higher or mostly lower than the most likely outcome, the best estimate will be a higher or lower amount that the single most likely outcome

Subsequent measurement

An entity shall charge against a provision only those expenditures for which the provision was originally recognized

An entity shall review provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustment to the amounts previously recognized shall be recognized in profit or loss unless the provision was originally recognized as part of the cost of an asset. When a provision is measured at the present value if the amount expected to be required to settle the obligation, the subsequent reduction in the present value that results from the passing of time shall be recognized in profit or loss in the period at arises

No provision and contingencies recognized during the period.

3.16 Related Party Disclosures

Disclosure about an entity's related are necessary in the entity's financial statements to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with those parties

A related party transaction is transfer of resources, services or obligation between a reporting entity and a related party, regardless of whether a price is charged. A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity)

In considering each possible related party relationship, an entity shall assess the substance of the relationship and not merely the legal form.

3.17 Events after the end of the Reporting Period

Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

An entity shall adjust the amounts recognized in its financial statements, or recognize items that were not previously recognized, including related disclosures, to reflect adjusting events after the end of the reporting period. Adjusting events after the end of the reporting period are those events that provide evidence of conditions that existed at the of the period.

An entity shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the end of the reporting period. Non-adjusting events after the end of the reporting period are those events that are indicative of conditions that arose after the end of the reporting period.

5. CASH

This account consists of the following:

	2025	2024
Cash in bank	**365,405**	1,015,798
Petty cash	**20,000**	20,000
	385,405	1,035,798

Cash in bank is maintained at a current account which does not gain interest. Cash in bank is unrestricted and immediately available for use in current operations.

Petty cash fund are working funds wherein small amount of expenses are being disbursed.

6. ACCOUNTS RECEIVABLE

This account consists of:

	2025	2024
Accounts receivable - others	**1,094,068**	1,872,968

Accounts receivable are noninterest-bearing arising from sale of goods and are normally due in 30 days.

There is no objective evidence that the account cannot be collected in full. Hence, no provision for impairment has been provided.

No trade receivable used as collateral to any indebtedness.

This consist of various expenses incurred in connection with the preparations for commercial operations such as licenses, salaries and other expenses.

7. OTHER CURRENT ASSETS

This account consists of the following:

	2025	2024
Input vat	**297,207**	124,833

8. PROPERTY AND EQUIPMENT

(Please see separate schedule)

9. ACCOUNTS PAYABLE

This account consists of:

	2025	2024
Accounts Payable	**3,509,164**	-

Accounts payable are unpaid liabilities from purchases which are noninterest-bearing and are normally due within 60 days.

10. EQUITY

Share Capital

As of February 29, 2025 and 2024 Company's share capital consists of:

	2025	2024
Authorized Share Capital		
50,000 common shares at ₱100 par value	5,000,000	5,000,000
Paid up Capital		
50,000 common shares at ₱100 par value	**5,000,000**	5,000,000
Subscribe and fully paid-up capital	**5,000,000**	5,000,000

The Company is 100% Filipino owned and has one class of ordinary shares which carry no right to fixed income.

There were no movements in the share capital of the Company in 2025 financial reporting periods.

Capital Management

The Company manages its capital in such a way to increase the value of the shareholders' investment while maintaining strong credit ratings in order to support its business. It sets strategies with the objective of establishing a resourceful financial management structure.

The Company is not exposed to externally imposed mandatory capital requirements.

11. REVENUE

	2025	2024
Revenue from service rendered	**58,338**	-

12. COST OF REVENUE

	2025	2024
Per diem	**724,500**	50,500

13. ADMINISTRATIVE EXPENSES

This account consists of the following:

	2025	2024
Salaries and wages	**2,465,682**	-
13th month and other benefits	**225,739**	-
Government contributions	**86,334**	
Communication, Light and Water	**164,494**	74,789
Office Supplies	**49,101**	162,745
Transportation and Travel	**27,532**	29,088
Bank Charges	**2,212**	250
Professional Fees	**89,286**	5,000
Representation	**31,105**	102,963
Depreciation	**85,407**	85,407
Documentation Expense	**5,800**	5,500
Permits and Licenses	**197,209**	119,415
Messengerial Expense	**1,465**	2,299
Gas & Oil	**34,519**	38,751
Meals	**22,125**	41,275
Repairs and Maintenance	**64,256**	90,538
Rent Expense	**577,500**	588,000
Other Expenses	**9,468**	10,000
Training Expense	-	25,199
Earned leave	**23,213**	
Miscellaneous Expenses	**22,882**	3,240
	4,185,328	1,384,460

14. RELATED PARTY TRANSACTION

A party is related to an entity if:

(a) directly, or indirectly through one or more intermediaries, the party:

-controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

_has an interest in the entity that gives it significant influence over the entity; or

_has joint control over the entity;

(b) the party is an associate of the entity;

(c) the party is a joint venture in which the entity is a venture;

(d) the party is a member of the key management personnel of the entity or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Key Management Personnel

The company does not provide compensation benefits to key management personnel in 2024.

15. INCOME TAX

The reconciliation of the provision for income tax computed at statutory income tax rate to the income tax expense shown in the statements of income is as follows:

	2025	2024
Profit before income tax expense	-	-
At statutory income tax rate	-	-
Income tax expense	-	-

The Company is subject to regular corporate income tax (RCIT), as it is higher than MCIT both in 2024.

Relevant Tax Regulations

Republic Act 9504
Effective July 2008, Republic Act 9504 was approved giving corporate tax payees an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross sales. Once the option to used OSD is made, it shall be irrevocable for the taxable year for which the option was made. In 2024, the Company opted to continue claiming itemized standard deductions.

16. PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSET

The Company is not aware of any other pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required by section of PFRS for SE's, Provisions and Contingencies, to be accrued or disclosed in the financial statements and the Company has not consulted a lawyer concerning litigation, claims and assessments.

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

No events after the reporting period were identified in these financial statements that provides evidence of conditions that existed at the reporting date (adjusting events after the reporting period), and that are indicative of conditions that arose after the reporting date. (non-adjusting events after reporting period).

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issuance by Board of Directors on May 15, 2024. The Board of Directors is still empowered to make the revisions on financial statements even after the date of issue. The Board of Directors are still empowered to make the revisions on financial statements even after the date of issue.

19. MANAGEMENT DECLARATION ON TAXES AND OTHER RELATED INFORMATION

In compliance with Revenue Regulation 15-2011 as required by the BIR, presented below are information on taxes and licenses:

A. VAT

	Net Sales	Output tax
Taxable Sales	-	-

Beginning of the year	
Current year's domestic purchases / payments for:	
Capital goods subject to amortization	-
Capital goods not subject to amortization	-
Services lodged under cost of goods sold	-
Services lodged under other accounts	-
Total available input tax	-
Input tax applied	-
Net balance at the end of the year	-

B. WITHHOLDING TAXES

Withholding Tax on Compensation	-
Expanded Withholding Tax	-
Total	-

C. TAXES AND LICENSES

Breakdown as follows:

Business licenses and permits	119,415
Annual BIR registration fee	-
	119,415

D. TAX ASSESSMENTS AND CASES

The Company has no pending tax assessment and cases. All other information required under RR No. 15-2013 that were not disclosed are not applicable to the company.

SECURITIES AND EXCHANGE COMMISSION
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REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
COMPANY REGISTRATION AND MONITORING DEPARTMENT
SEC Headquarters, 7907 Makati Avenue Salcedo Village
Barangay Bel-Air Makati City 1209

4-8, 2026

I HEREBY CERTIFY that the foregoing is a true and correct digital reproduction of the Official file (s) thereof consisting of Twenty seven (27) page (s).

Verified by: ______ dated April 8 2026

ISSUED TO:

ATTY. RJ A. BERNAL
CHIEF COUNSEL
CORPORATE FILING AND RECORDS DIVISION
CRMD